CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
40 Muir Road, 1st Floor • Martinez, CA 94553
e-mail: LouAnn.Texeira@lafco.cccounty.us
(925) 313-7133

Lou Ann Texeira
Executive Officer

NOTICE AND AGENDA FOR REGULAR MEETING

DATE/TIME: Wednesday, December 11, 2019, 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 40 Muir Road, 1st 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 925-313-7133. An assistive listening device is available upon advance request.

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

DECEMBER 11, 2019 CONTRA COSTA LAFCO AGENDA

1. Call to Order and Pledge of Allegiance
2. Roll Call
3. Adoption of Agenda
4. Approval of minutes for the November 13, 2019 regular LAFCO meeting
5. 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.
6. ***Special Presentation*** – ***2020 Census and Impacts on Redistricting Effort*** – Kristine Solseng, Principal Planner, Contra Costa County Department of Conservation & Development

OUT OF AGENCY SERVICE REQUESTS

7. ***LAFCO 19-07 – City of Martinez – Birch Street*** – consider a request by the City of Martinez to extend municipal water service outside its jurisdictional boundary to one parcel - APN 375-192-009 (0.11± acres) located at the southeasterly end of Birch Street in unincorporated Martinez; and consider related actions per the California Environmental Quality Act (CEQA)

SPHERE OF INFLUENCE (SOI) AMENDMENTS/CHANGES OF ORGANIZATIONS

8. ***LAFCO 18-10 – Laurel Place II Annexation to the City of Concord*** – consider landowner's request for extension of time to submit to LAFCO an annexation application

BUSINESS ITEMS

9. ***FY 2017-18 Financial Audit -*** receive and file the FY 2017-18 financial audit.

CORRESPONDENCE

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

INFORMATIONAL ITEMS

11. Commissioner Comments and Announcements
12. Staff Announcements
    - CALAFCO Updates
    - Pending Projects
    - Newspaper Articles

CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Executive Officer

CONFERENCE WITH LABOR NEGOTIATOR
Agency negotiators: Tom Butt, Chair and Candace Andersen, Vice Chair
Unrepresented employee: Executive Officer

ADJOURNMENT

The next regular LAFCO meeting is January 8th, 2020 at 1:30 pm.

LAFCO STAFF REPORTS AVAILABLE AT http://www.contracostalafco.org/meeting_archive.htm

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MEETING MINUTES
November 13, 2019

December 11, 2019
Agenda Item 4

1. **Welcome, Call to Order and Roll Call**
Chair Butt called the regular meeting of November 13, 2019 to order at 1:30 PM.
The following Commissioners and staff were present:

Regular Commissioners	Alternate Commissioners	Staff
Tom Butt, Chair	Diane Burgis	Lou Ann Texeira, Executive Officer
Candace Andersen, Vice Chair	Stanley Caldwell	Mary Ann Mason, Commission Counsel
Don Blubaugh (*Absent*)	Chuck Lewis (*Seated for Blubaugh*)	Lauren Talbott, Executive Assistant
Federal Glover	Sean Wright	
Mike McGill		
Rob Schroder		
Igor Skaredoff		

2. **Pledge of Allegiance**
Chair Butt led the Pledge of Allegiance.

3. **Adoption of Agenda**
Chair Butt asked if there were any requests to modify the agenda; there were no requests.
Upon motion by Commissioner Andersen and second by Commissioner Glover, the Commission unanimously, by a 7-0 vote, adopted the agenda as submitted:

VOTE:

YES:	Andersen, Butt, Glover, Lewis, McGill, Schroder, Skaredoff
NOES:	NONE
ABSENT:	NONE
ABSTAIN:	NONE

4. **Approval of Minutes**
Upon motion by Commissioner Andersen and second by Commissioner McGill, the September 11, 2019 meeting minutes were approved.

VOTE:

AYES:	Andersen, Butt, Glover, Lewis, McGill, Schroder, Skaredoff
NOES:	NONE
ABSENT:	NONE
ABSTAIN:	NONE

5. **Public Comments**
Chair Butt invited members of the audience to provide public comment. No public comments were received.

At 1:35 p.m., Commissioners adjourned to Closed Session to discuss existing litigation (Los Medanos Community Healthcare District).

At 2:06 p.m., Commissioners reconvened and the Chair reported that the Commission provided direction to staff.

OUT OF AGENCY SERVICE REQUESTS

6. **LAFCO 19-06 – City of Martinez – Carquinez Strait Regional Shoreline –** consider a request by the City of Martinez to extend municipal water service outside its jurisdictional boundary to two parcels - APN 368-060-005 (82.3+ acres) and 372-140-001 (70.8+ acres) located southwest of 22 Carquinez Scenic Drive in unincorporated Martinez; and consider related actions per the California Environmental Quality Act (CEQA)

   Property owner Jim Farr commented that water service existed on the property prior to 1969. Comments were also provided by Mr. Compaglia, Rancher; Alison Wolf, Allison Rofe, rangeland Specialist, EBRPD; Christina Ratcliffe, City of Martinez, Community and Economic Development Director; and Mike Callahan, National Resource Conservation Service.;

   Upon motion by Commissioner Glover and second by Commissioner Schroder, the Commission unanimously, by a 7-0 vote, approved extending Out of Agency (OAS) water service.

	VOTE:
AYES:	Andersen, Butt, Glover, Lewis, McGill, Schroder, Skaredoff
NOES:	NONE
ABSENT:	NONE
ABSTAIN:	NONE

BUSINESS ITEMS

7. ***Award Contract – 2nd Round Parks & Recreation Services Municipal Services Review/Sphere of Influence Updates -*** consider approving a contract with the recommended consultants.

   Upon motion by Commissioner Lewis and second by Commissioner McGill, the Commission unanimously, by a 7-0 vote, approved to execute a contract with EPS/Berkson Associates.

	VOTE:
AYES:	Andersen, Butt, Glover, Lewis, McGill, Schroder, Skaredoff
NOES:	NONE
ABSENT:	NONE
ABSTAIN:	NONE

8. ***Legislative Report – Update and Position Letter –*** receive a legislative update – no action needed.

9. ***FY 2019-20 First Quarter Budget Report –*** receive FY 2019-20 first quarter budget report

   Upon motion by Commissioner Lewis and second by Commissioner Andersen, the Commission unanimously, by a 7-0 vote, received the report.

	VOTE:
AYES:	Andersen, Butt, Glover, Lewis, McGill, Schroder, Skaredoff
NOES:	NONE
ABSENT:	NONE
ABSTAIN:	NONE

10. ***Commissioner Terms –*** receive an update regarding Commissioner terms and provide direction regarding Public Member seats.

Upon motion by Commissioner Andersen and second by Commissioner Glover, the Commission unanimously, by a 7-0 vote, approved reappointing public members Commissioner Blubaugh and Commissioner Lewis using the alternate selection process.

VOTE:

AYES:	Andersen, Butt, Glover, McGill, Schroder, Skaredoff
NOES:	NONE
ABSENT:	NONE
ABSTAIN:	Lewis

11. ***Response to Contra Costa County Chapter - California Grand Juror's Association (CCGJA) –*** consider approving response to CCGJA relating to the *Los Medanos Community Healthcare District*.

Upon motion by Commissioner Andersen and second by Commissioner McGill, the Commission unanimously, by a 7-0 vote, approved the drafted response.

VOTE:

AYES:	Andersen, Butt, Glover, Lewis, McGill, Schroder, Skaredoff
NOES:	NONE
ABSENT:	NONE
ABSTAIN:	NONE

CORRESPONDENCE

12. Correspondence from Contra Costa County Employees' Retirement Association (CCCERA)
13. SDRMA President's Special Acknowledgement Awards – Property/Liability Program and Workers' Compensation Program

INFORMATIONAL ITEMS

14. **Commissioner Comments and Announcements**
    - Commissioner McGill announced that Contra Costa LAFCO was named the *Most Effective Commission* at the 2019 annual CALAFCO Conference and thanked the Executive Officer for nominating the Commission. Commissioner McGill also provided an update on the CALAFCO Legislative Committee and noted that he was appointed as the CALAFCO Chair.
    - Commissioner Skaredoff commended Commissioner McGill for his hard work and continuous participation/involvement in CALAFCO; and commented on the State Estuary Conference, Climate Adaptation Roundtable, and EBRPD's 85th Birthday.
    - Chair Butt noted that he recently attended and enjoyed the CALAFCO annual conference and appreciated the award.
15. **Staff Announcements**
    - CALAFCO Updates – *Conference Highlights*
        - Contra Costa LAFCO was nominated and awarded *Most Effective Commission.*

- Executive Officer Lou Ann Texeira announced she's stepping down from the CALAFCO Legislative Committee after serving for many years.

- Pending Projects
- Newspaper Articles

The meeting adjourned at 2:39 pm.

Final Minutes Approved by the Commission December 11, 2019

VOTE:

AYES:
NOES:
ABSENT:
ABSTAIN:

ADJOURNMENT

The next regular LAFCO meeting is December 11, 2019 at 1:30 pm.

LAFCO STAFF REPORTS AVAILABLE AT

By___________________________________

Executive Officer

2020 CENSUS COMPLETE COUNT REGIONAL TRAINING WORKSHOP CENSUS 101

Achieving a Complete and Accurate Count

CA CENSUS 2020

Shape your future START HERE >

United States® Census 2020

CENSUS 2020 GOAL

Ensure that everyone is counted once, only once, and in the right place.

WHAT is the census?

- Government survey that asks basic questions like age, name, race, and ethnicity about each person living in your household
- Required by law for **all** people living in the United States
- Will **NOT** ask about immigration or citizenship

10 questions, 10 minutes, 10 years

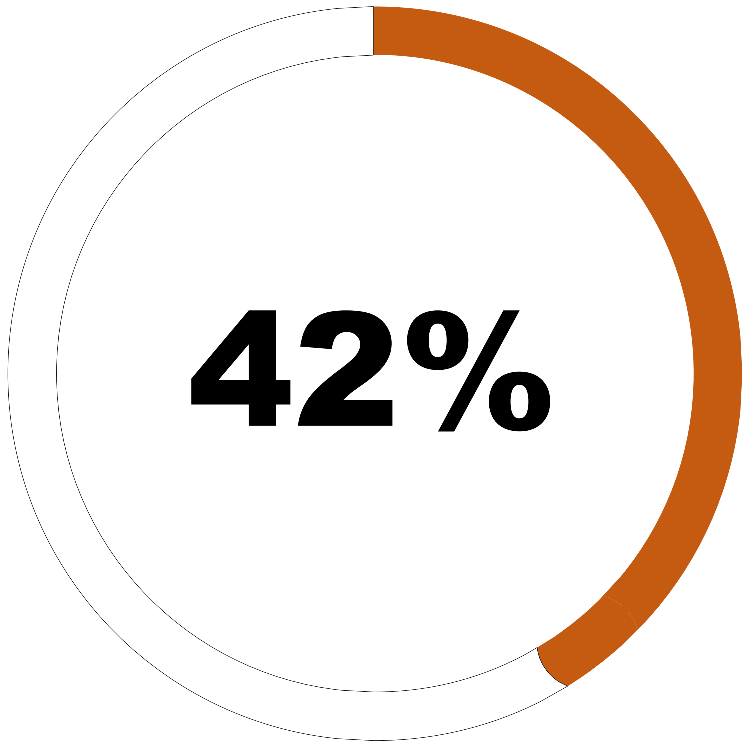
WHY do we get counted?

Census data is combined into statistics that are used to make important policy and budget decisions:

- Representation
- Planning / Infrastructure
- Funding for Federal Programs
- Inform Businesses

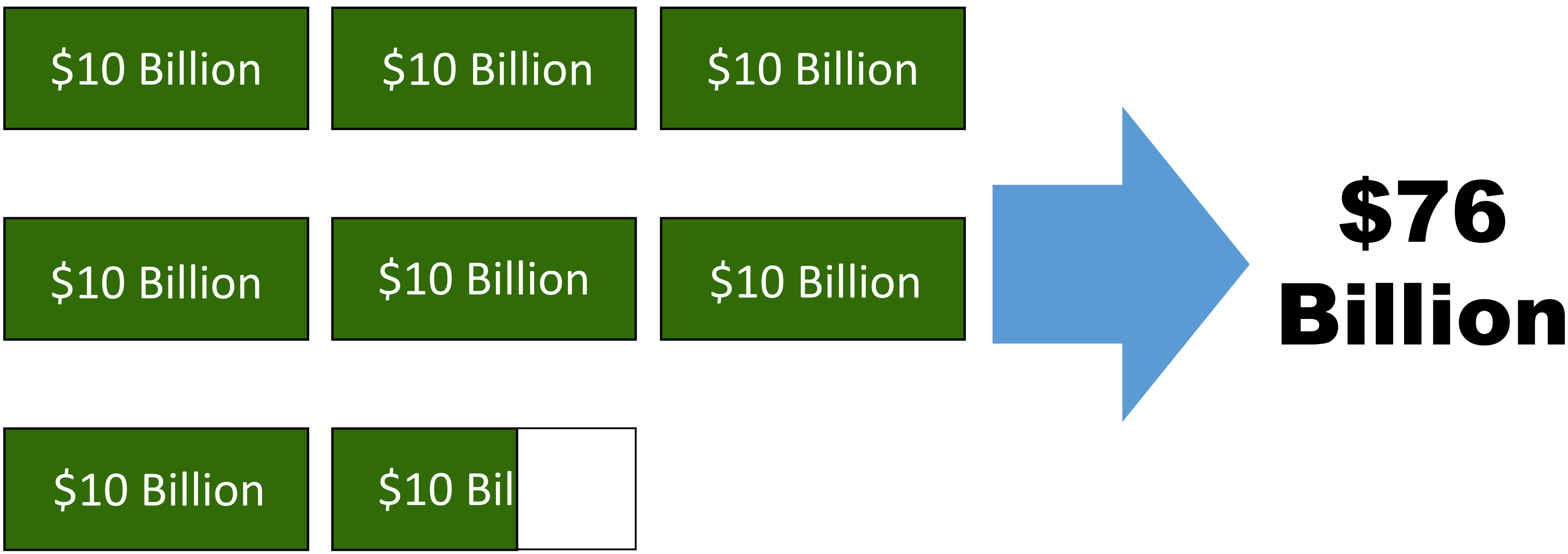
Each person not counted could result in a loss of $1,000/year in community funding for the next 10 years.

CENSUS BY THE NUMBERS



Of Contra Costa County's revenue comes from Federal & State resources

CENSUS BY THE NUMBERS



California receives approximately $76 billion in federal funding, based upon the state's population

CENSUS BY THE NUMBERS

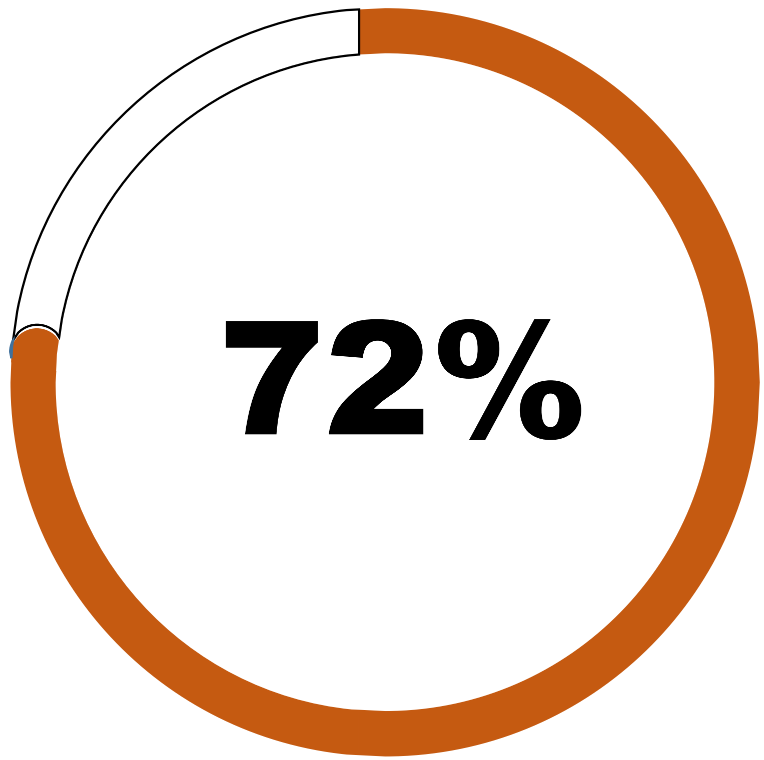
Each person **not counted**

=

Loss of $1000 to $2000

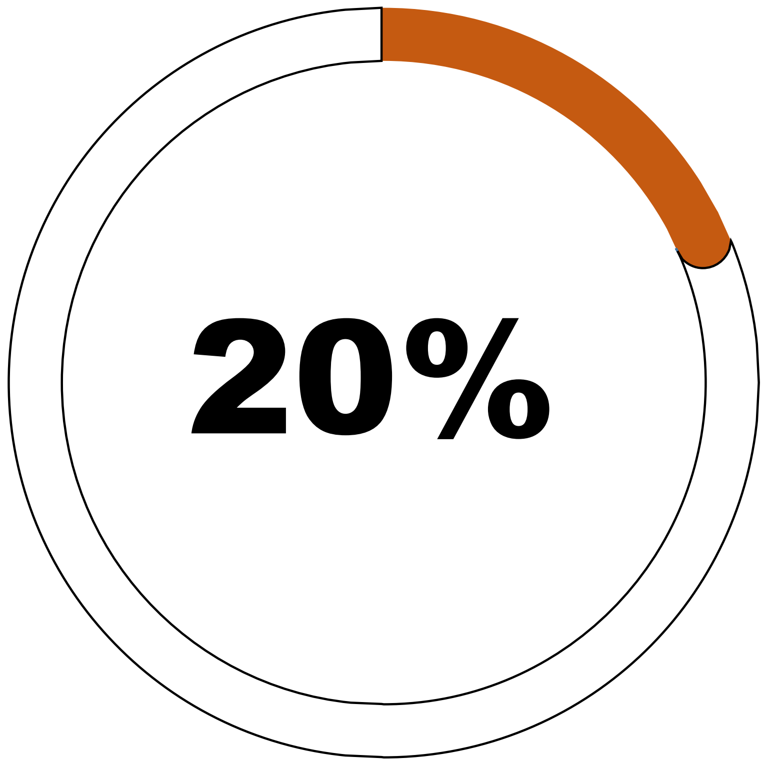
EACH YEAR

CENSUS BY THE NUMBERS



CA's population belongs to one of the groups historically undercounted during the once-a-decade Census process

CENSUS BY THE NUMBERS



Of Contra Costa County residents live in “Hard-to-Count” Census Tracts

CENSUS BY THE NUMBERS

5%

Undercount in Coco County

=

Loss of $500 Million to $1.1 Billion over 10 years

WHO counts in the census?

EVERYONE! All people living in the United States on April 1, 2020, including:

- Babies, young children, and seniors!
- Immigrants
- Formerly incarcerated individuals
- People not living in houses or apartments

Everyone within a residence is counted regardless of their relationship, including:

- Relatives and extended family living in the home
- Non-family renters living in the garage or in a backyard unit
- If you are unsure if people in your residence have already been counted somewhere else, count them anyway!

HARD TO COUNT POPULATIONS

Contra Costa County is focusing on trying to reach the Hardest to Count populations. These include:

- Children under 5
- Youth between 18-24
- Racial and Ethnic minorities
- People living in poverty
- Non-English Speaking households
- People with no high school diploma
- Highly mobile people
- Renters, and people in multifamily units
- Seniors
- Veterans
- LGBTQ
- People experiencing homelessness
- People who are distrustful of government
- Undocumented immigrants
- People living in Rural areas

HARD TO COUNT POPULATION AREAS

- Contra Costa has approximately 250,000 (20%) people living in Hard-to-Count census tracts throughout the County.
  - San Pablo (22,400) out of 31,156 – ***72% Hard to Count***
  - Richmond (55,800) out of 110,040 – ***51% Hard to Count***
  - Pittsburg (32,400) out of 72,141 – ***45% Hard to Count***
  - Antioch (37,400) out of 111,674 – ***34% Hard to Count***
  - Concord (22,700) out of 129,783 – ***15% Hard to Count***
  - Unincorporated (18,600) out of 173,406 – ***11% Hard to Count***
  - San Ramon (8,100) out of 75,931 – ***11% Hard to Count***

WHEN do we get counted?

Census Day is officially **April 1, 2020.**

- Most people can respond online, by phone, or by mail between March and April 2020
- People who do not take the census by April 30, 2020 will be visited by a Census Bureau worker between May and July

We are encouraging everyone to respond online, by phone, or by mail **before April 30, 2020**

Road to the 2020 Census

2020 Census Operational Timeline

Census Survey

2018

- March: Census Bureau delivers questions to Congress
- April: Open 6 regional census centers
- October: Full implementation of the communications program
- October: Partnership specialists begin working for Census Bureau

2019

- January-March: Open 40 area census offices
- June-September: Open remaining 208 area census offices
- August: Conduct in-field Address Canvassing

2020

- January: Begin enumeration in remote Alaska
- February: Group Quarters Operation begins
- March: Update Leave begins
- March: Internet Self-Response begins
- April 1: Census Day
- May: Nonresponse Followup begins
- December 31: Deliver apportionment counts to the President

2021

- March 31: Complete delivering Redistricting Summary Files to all states (P.L. 94-171)

OPERATION AND IMPLEMENTATION PHASE

Key census activities start in 2018 and continue through 2021

United States™ Census Bureau

U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU
census.gov

Countdown to Census 2020

	US Census Bureau	Contra Costa Complete Count
Sep 2019 – Feb 2020	Recruitment & hiring of over 8K Census Takers / Enumerators	Early stage census outreach activities (trainings, outreach, canvassing) Census Job Opportunity Messaging
Mar 2020 – Apr 2020	Self-response period (online, by phone, on paper)	”Count Me In" events; QAC/QAK operation
May 2020 – Jul 2020	Non-response follow up operation. Census takers visit ALL households that did not respond	Late stage census outreach activities

What You Will Receive From the Census Bureau and When

On or between	You'll receive:
March 12-20, 2020	An invitation to respond online to the 2020 Census. (Some households will also receive paper questionnaires.)
March 16-24, 2020	A reminder letter.
	If you haven't responded yet:
March 26-April 3, 2020	A reminder postcard.
April 8-16, 2020	A reminder letter and paper questionnaire.
April 20-27, 2020	A final reminder postcard before the Census Bureau begins in-person follow-up.

WHERE do we get counted?

- We are counted at our usual place of residence (where we live and sleep most of the time)
- People experiencing **homelessness** will be counted at service-based locations (shelters, soup kitchens, etc.) or outdoors between March 30 and April 1
- People living in “**transitory locations**” (RV parks, motels, etc.) will be counted where they sleep in April
- People living in “**group quarters**” (college on-campus housing, nursing homes, correctional facilities, etc.) will be counted at those locations between April and June

Know your audience – which of these is relevant to them?

HOW do most people get counted?

Use your CENSUS ID NUMBER (sent by mail in March 2020):

ONLINE: visit the Census website and fill out the survey online

BY PHONE: call the Census Bureau and provide your answers over the phone

BY MAIL: request a paper Census form that can be mailed back to the Census Bureau (English & Spanish only)

San Francisco Bay Area residents can bring their Census ID Numbers to a local **Questionnaire Assistance Center (QAC)** for in-language assistance.

Text the Bay Area Counts 2020 campaign to look up your nearest QAC.

March 12, 2020

A Message from the Director, U.S. Census Bureau

Dear Resident:

This is your invitation to respond to the **2020 Census**. We need your help to count everyone in the United States by providing basic information about all adults, children, and babies living or staying at this address.

Results from the 2020 Census will be used to:

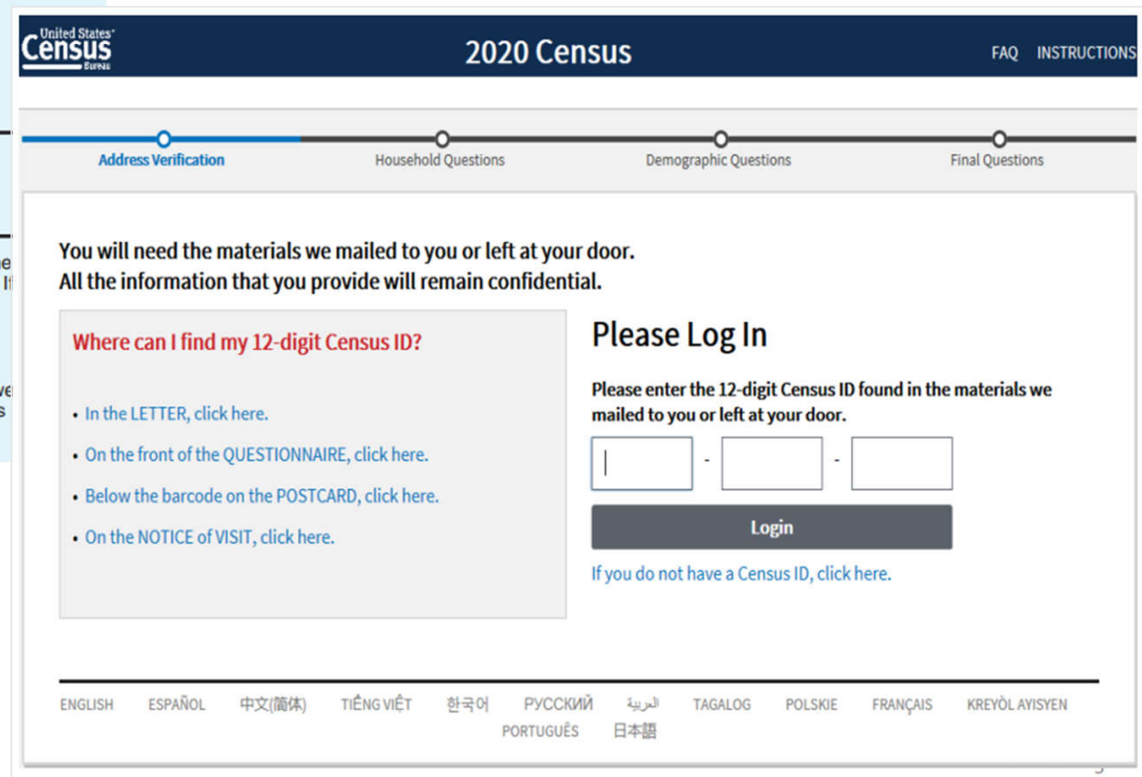
- Direct billions of dollars in federal funds to local communities for schools, roads, and other public services.
- Help your community prepare to meet transportation and emergency readiness needs.
- Determine the number of seats each state has in the U.S. House of Representatives and your political representation at all levels of government.

Respond by April 1st at: **XXXX.XXXX.gov**	Your Census ID is:

The Census Bureau is using the internet to securely collect your information. Responding online helps us conserve natural resources, save taxpayer money, and process data more efficiently. If you are unable to complete your 2020 Census questionnaire online, we will send you a paper questionnaire in a few weeks for you to complete and mail back.

The census is so important that your response is required by law, and your answers are kept completely confidential. If you do not respond, we will need to send a Census Bureau interviewer to your home to collect your answers in person. If you need help completing your 2020 Census questionnaire, please call toll-free 1–844–330–2020.

Language guides & glossaries are available in 59 languages



Languages for ONLINE & PHONE responses: English, Arabic, Chinese, French, Haitian Creole, Japanese, Korean, Polish, Portuguese, Russian, Spanish, Tagalog, and Vietnamese

KEY MESSAGES ABOUT THE CENSUS

Easy

Short questionnaire. Depending on your household, it takes about 10 minutes to complete

Safe

Census Bureau workers take an oath to protect the confidentiality of the data. The penalty for unlawful disclosure is a fine up to $250,000 or imprisonment of up to 5 years, or both.

Important

Census Data helps determine our political representation and funding for local roads, schools, and community improvement

BARRIERS TO A COMPLETE CENSUS COUNT

- **First online Census**: Concerns about digital divide and fears about security
- **Deep Distrust in government** and fallout from Citizenship Question legal battle combined with ongoing political rhetoric and ICE raids
- **Disconnect** between the importance of the Census and daily life – difficult to see direct impact of being counted.

Overcoming Barriers

- **Our focus is to work with trusted messengers to create a deep grassroots effort to reach the hardest to count populations.**

US Census Bureau

- Responsible for the Count
- Partnership Specialists & Census Bureau Jobs

State of California

- Invested: Budgeted $180.0 million
- Grants to Counties, Regional CBOs, Statewide Outreach Contracts
- Contra Costa receives prox. $363,000

United Way Bay Area

- UWBA has State contract to implement Outreach for SF Bay Area
- UWBA and local Foundations are providing grants to local CBOs

Contra Costa County

- Investing $500K in Grants,, Tech Access & Unsheltered Outreach
- Coordinate & Fund Local Outreach
- Awarded grants to 59 local groups

Partners

- Trusted Messengers
- Work Directly with Hard-to-Count Population and encourage to fill out the Census Form

CONTRA COSTA COUNTY OUTREACH STRATEGY GOALS

1. Achieve a **Self-Response Rate of at least 76.9%** (2010 Self Response Rate according to the US Census Bureau);
2. **Increase participation** in hard-to-count communities;
3. **Collaborate** with the U.S. Census Bureau, State, regional groups, the Regional ACBO, Contra Costa cities and special districts, and community organizations to avoid duplication and effectively communicate the Census message; and
4. **Build additional capacity and strengthen** Contra Costa County community-based organizations through Census outreach efforts.

COMPLETE COUNT COMMITTEE PRELIMINARY OUTREACH PROGRAMS

- **Messaging Partners** – Utilizing existing networks to spread the word about the importance of the Census
- **Questionnaire Assistance Centers (QAC) and Questionnaire Action Kiosks (QAK)** – Local government offices, community centers, or local community organizations host assistance with the Census form if needed or make room for a computer so people can fill out their form
- **Speakers Bureau** – Complete County Committee members or other trusted messengers are available to speak about the importance of the Census – Request a Speaker at www.cococensus.org
- **Census Ambassadors** - Individual volunteer program to connect trusted community members who want their community counted in 2020 – Sign up at www.cococensus.org

Ambassador Program

Program for individuals to assist in Census Outreach and Assistance – includes a Student Ambassador Program!

Sign up to help:

- ❑Adopt Your Block
- ❑Social Media Promotion
- ❑Host a House Party
- ❑Event Volunteer
- ❑QAK/QAK Volunteer
- ❑Give a Presentation
- ❑Table at School Events (Student)
- ❑Start/Participate in a Census Club on Campus (Student)
- ❑Initiate a Family Census Conversation

United States Census 2020

APPLY ONLINE!
2020census.gov/jobs

The U.S. Census Bureau is an Equal Opportunity Employer.

UWBA Texting Tool – Please sign up!

- Bay Area Counts 2020 campaign is LIVE.
- **Text COUNT to 925-402-4057** to sign up for updates, announcements, and resources for Census Day.
- Add it to your communications tools!

After the Census

Redistricting

WHAT IS REDISTRICTING?

Redistricting is the redrawing or adjusting of district lines. In a county, the supervisorial lines are redrawn, but the number of districts will stay the same.

The resulting changes to electoral district boundaries are intended to account for population growth and change during the previous decade.

STATE REDISTRICTING REQUIREMENTS

Following each federal decennial **census,** and using that census as a basis, the board (council) shall adjust the boundaries of any or all of the supervisorial (council) districts of the county (city) so that the supervisorial (council) districts shall be substantially equal in population as required by the United States Constitution.

STATE REDISTRICTING REQUIREMENTS

- **Population** equality shall be based on the total population of the county/city*
  - Except an incarcerated person shall not be counted as part of the population unless the last known place of residence is within the county/city

- Boundaries shall comply with US Constitution, California Constitution, and the federal Voting Rights Act

STATE REDISTRICTING REQUIREMENTS

- Boundary criteria, in order of priority
  - To extent practical, geographically contiguous
  - To extent practical, geographic integrity of any local neighborhood or community of interest
  - To extent practical, geographic integrity of a city or census designated place (supervisorial districts only)
  - Boundaries easily identifiable and understood by residents.
  - To extent practical, where it does not conflict with the preceding criteria, districts drawn to encourage geographical compactness
  - Board/Council shall not adopt boundaries for the purposes of favoring or discriminating against a political party.

OUTREACH REQUIREMENTS

4 Public Hearings

- 1 hearing before draft map
- 2 public hearings after the draft map or maps of proposed boundaries
- 1 hearing must be on a Saturday, Sunday, or after 6 p.m. on a weekday

Public hearings must be ADA accessible

KEY DATES

April 1, 2021 – Redistricting Data is released

August 1, 2021 – EARLIEST date to adopt new boundaries

But……no later than 151 days before next regular election on March 1, 2022….

October 1, 2021

ADDITIONAL QUESTIONS OR IDEAS

Matt.Lardner@cococensus.org
Teresa.Gerringer@bos.cccounty.us
Barbara.Riveira@cao.cccounty.us
Susan.Shiu@contracostatv.org
Kristine.Solseng@dcd.cccounty.us

THANK YOU

Count Me In!

CONTRA COSTA

CENSUS

2020

April 1, 2020

cococensus.org

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
EXECUTIVE OFFICER'S REPORT

December 11, 2019 (Agenda)

December 11, 2019
Agenda Item 7

LAFCO 19-07 City of Martinez - Out of Agency Service Request – Birch Street

SYNOPSIS

This is a request by the City of Martinez to provide municipal water service outside its jurisdictional boundary to one parcel (APN 375-192-009) located southeasterly of Birch Street in unincorporated Martinez (Attachment 1). The lot is currently vacant, and the landowner proposes to construct a single-family home.

The subject property is located within the City's sphere of influence (SOI) and Urban Limit Line. Surrounding land uses include single family residential to the north, south, east and west. The City is currently providing water service to the neighborhoods surrounding the subject property. The subject property is also within the Mt. View Sanitary District (MVSD) service boundary.

DISCUSSION

Statutory Framework – Out of Agency Service (OAS) – The Government Code (GC) and local LAFCO policies regulate the extension of out of agency service. GC §56133 states that "*A city or district may provide new or extended services by contract or agreement outside of its jurisdictional boundary only if it first requests and receives written approval from the Commission*." Further, the law authorizes LAFCO to allow a city or district to provide new or extended services under specific circumstances: a) outside the agency's jurisdictional boundary but within its SOI in anticipation of a future annexation; or b) outside its jurisdictional boundary and outside its SOI in response to an existing or impending threat to the public health or safety.

The Commission's current policies regarding OAS are consistent with State law in that annexations to cities and special districts are generally preferred for providing municipal services. However, there may be situations where health and safety, emergency service, or other concerns warrant OAS. Historically, OAS is considered a temporary measure, typically in response to an existing or impending public health and safety threat (e.g., failing septic system, contaminated well); or in anticipation of a future annexation.

City's Prior and Future Commitment to Annexations – As noted in LAFCO's previous Municipal Service Reviews (MSRs), the City is providing water services beyond its corporate limits to over 1,500 water connections. Since 2012, the City has submitted 16 OAS applications to LAFCO most of which have been in the Alhambra Valley, Mountain View and Pacheco areas. The LAFCO MSRs recommend that the City of Martinez annex areas receiving city services, as appropriate.

In response to LAFCO's concerns regarding the use of OAS, the Martinez City Council has taken various actions demonstrating its commitment to annexation of these areas a summarized below.

- In 2012, the City successfully annexed a portion of the Alhambra Valley, and attempted to annex North Pacheco; however, this annexation was rejected by the voters.

- The City Council adopted resolutions stating the City's intent to pursue annexation of the Alhambra Valley area by 2020, and annexation of the Pacheco Boulevard corridor including the Mt. View area by the year 2030.

- In June 2019, the City provided LAFCO with an update indicating that the City Council identified annexations as one of its top five goals over the next two years, and within the next year will explore an annexation study for the Mt. View/Pacheco Corridor and the Alhambra Valley areas.

- On October 23, 2019, the Martinez City Council hosted a community workshop to discuss annexation of the Alhambra Valley, Mountain View, North Pacheco and Vine Hill areas. The City Council agreed to move forward with an annexation study.

Further, the City requires property owner(s) to sign and record a deferred annexation agreement when applying for OAS.

Consistency with LAFCO Policies – Contra Costa LAFCO's policies are consistent with GC §56133, in that OAS can be extended either in response to a threat to the health and safety of the public (e.g., failed septic system, contaminated or dry well, etc.), or in anticipation of annexation. The LAFCO policies contain the following provisions which are relevant to this proposal:

3) Objective – Out of agency service is generally not intended to support new development.

The OAS request is intended to serve development of a single-family residential unit.

4) Out of Agency Service Policies: General Statements

a) *Annexation to cities and special districts involving territory located within the affected agency's SOI is generally preferred to out of agency service.*

   The subject parcel is not contiguous to the City boundary and cannot be annexed at this time.

b) *LAFCO will consider applicable MSRs and discourage out of agency service extensions that conflict with adopted MSR determinations or recommendations.*

   The previous LAFCO MSRs recommended annexing properties that are receiving, or will require, City water service, as appropriate. The City has committed to the future annexation of the Mt. View area.

c) *If immediate annexation (i.e., within 12 months) is not a feasible alternative, then the extension of services may be approved in anticipation of a later annexation if the agency provides LAFCO with a resolution of intent to annex, as well as appropriate assurances (e.g., prezoning, plan for annexation, deferred annexation agreement, etc.) which demonstrate that out of agency service is an intermediate steps toward eventual annexation.*

   The City has indicated its commitment to the future study and annexation of the Mt. View area. The City has also obtained and recorded a deferred annexation agreement on the subject parcels.

Water Supply to the Subject Property – The subject property is in the Mt. View area, which is characterized by high density single family residential use. The Mt. View area is partially served with water service through the City of Martinez and sewer service through the MVSD.

The City indicates that it has adequate water to serve the subject property. Water service will be provided from the existing 6-inch main on Birch Street. Sewer & water mainline utilities are located within the public right-of-way immediately in front of the subject property; no extension to the existing water main is needed. The water service improvements include a 20-foot one-inch water service line, a new water meter, and a six-inch fire service line to a new fire hydrant. These installations will be performed by the owner's contractor at no expense to the City.

Environmental Review – The City of Martinez found the extension of water service to the subject exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines sections 15303(a) and (d), and has prepared a Notice of Exemption. The LAFCO Environmental Coordinator has reviewed the City's CEQA documentation and finds its adequate for LAFCO purposes.

ALTERNATIVES FOR COMMISSION ACTION

LAFCOs were formed for the primary purpose of promoting orderly development through the logical formation of local agency boundaries and facilitating the efficient provision of public services. The CKH provides that LAFCO can approve with or without amendments, wholly, partially, or conditionally, or deny a proposal. The statute also provides LAFCO with broad discretion in terms of imposing terms and conditions. The following options and recommended terms and conditions are presented for the Commission's consideration.

Option 1 **Approve** the OAS request as proposed and approve Resolution No. 19-07 (Attachment 2).

A. Find that the project is exempt pursuant to sections 15303(a) and (d) of the CEQA Guidelines, consistent with the determinations of the City of Martinez.

B. Authorize the City of Martinez to extend water service outside its jurisdictional boundary to APN 375-192-009 located on Birch Street in unincorporated Martinez subject to the following terms and conditions:
   1. Water infrastructure and service is limited to one single family dwelling unit,
   2. The City of Martinez has delivered to LAFCO an executed deferred annexation agreement (DAA), and the DAA was recorded as prescribed by law and runs with the land so that future landowners have constructive notice that their property is encumbered by the DAA, and
   3. The City of Martinez has delivered to LAFCO an executed indemnification agreement providing for the City to indemnify LAFCO against any expenses arising from any legal actions to challenging the OAS.

Option 2 **Deny** the request, thereby prohibiting the City of Martinez from providing water service to the subject property.

Option 3 **Continue** this matter to a future meeting to obtain more information.

RECOMMENDATION

Option 1 – Approve the OAS request with conditions as noted.

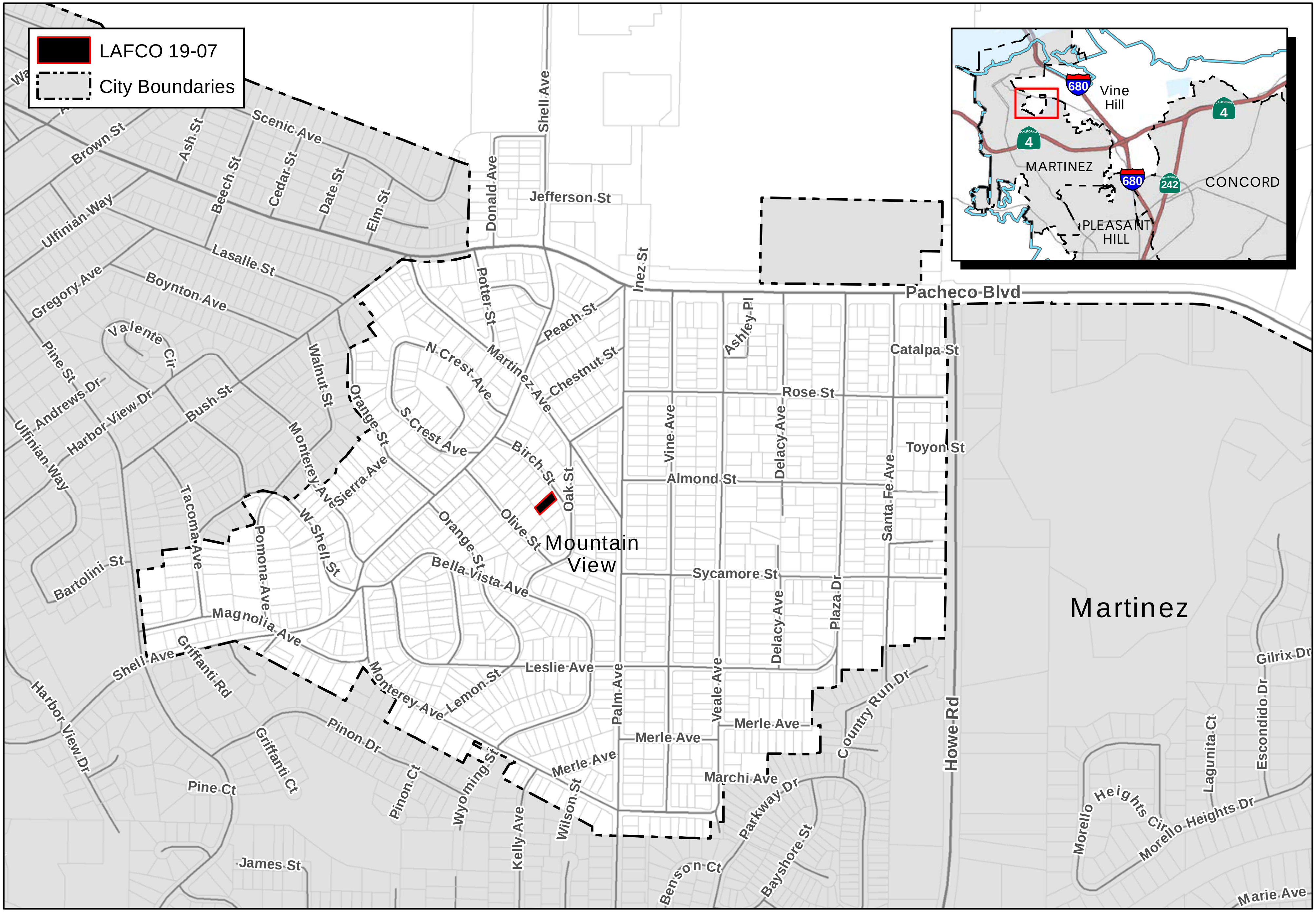
____

LOU ANN TEXEIRA, EXECUTIVE OFFICER
CONTRA COSTA LAFCO

Attachments
1. Map of APN 375-192-009 (Birch Street)
2. Draft LAFCO Resolution 19-07

c: Scott Alman, City of Martinez
Christina Ratcliffe, City of Martinez
Peter Wollman, City of Martinez
Randy Leptien, City of Martinez
Khalil Yowakim, City of Martinez
Cliff H. Schofield and Ruihua Yang, Property Owners

LAFCO No.19-07 City of Martinez Out of Agency Service (Birch Street)



Map created 12/02/2019
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.

Feet

0 500 1,000 2,000

Attachment 1

RESOLUTION NO. 19-07

RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION AUTHORIZING THE CITY OF MARTINEZ TO PROVIDE OUT-OF-AGENCY WATER SERVICE TO APN 375-192-009 (BIRCH STREET)

WHEREAS, the above-referenced request 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 California Government Code); and

WHEREAS, at the time and in the manner required by law the Executive Officer gave notice of the Commission's consideration of this request; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony related to this request including, but not limited to, the Executive Officer's report and recommendation; and

WHEREAS, out of agency service approval is needed in order to provide water services to the property in anticipation of a future annexation; and

WHEREAS, the City of Martinez and the property owner have entered into a Deferred Annexation Agreement in support of the future annexation of the property to the City of Martinez.

NOW, THEREFORE, BE IT RESOLVED DETERMINED AND ORDERED by the Contra Costa Local Agency Formation Commission as follows:

A. Find that the project is exempt pursuant to sections 15303(a) and (d) of the CEQA Guidelines, consistent with the determination of the City of Martinez.

B. Authorize the City of Martinez to extend water service outside its jurisdictional boundary to APN 375-192-009 (Birch Street) located in unincorporated Contra Costa County subject to the following terms and conditions:

   1. Water infrastructure and service is limited to one single family dwelling unit on the subject parcel,
   2. The City of Martinez has delivered to LAFCO an executed indemnification agreement providing for the City to indemnify LAFCO against any expenses arising from any legal actions to challenging the out of agency service, and
   3. The City of Martinez and the property owner have signed a deferred annexation agreement (DAA), and the DAA was recorded as prescribed by law and run with the land so that future landowners have constructive notice that their property is encumbered by the DAA.

C. Approval to extend City of Martinez services beyond those specifically noted herein is withheld and is subject to future LAFCO review.

* * * * * * *

PASSED AND ADOPTED THIS 11th day of December 2019, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
TOM BUTT, 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 above.

Dated: December 11, 2019

____
Lou Ann Texeira, Executive Officer

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
40 Muir Road, 1st Floor • Martinez, CA 94553
e-mail: LouAnn.Texeira@lafco.cccounty.us
(925) 313-7133

December 11, 2019
Agenda Item 8

December 11, 2019 (Agenda)

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

Request for Extension of Time – Focus Realty Services Inc/Lenox Homes LLC

Dear Members of the Commission:

On August 8, 2018, the Commission approved the extension of out of agency wastewater services by the City of Concord to serve the Laurel Place II development project located at the southwest corner of Bailey Road and Myrtle Drive in unincorporated Concord. The project includes construction of seven single family homes.

One of the conditions of LAFCO's approval was that an annexation application be submitted to LAFCO by August 7, 2019. Due to staff turnover and construction activities, the developer was unable to meet this deadline.

Lenox Homes requests a time extension to August 7, 2020 to submit an annexation application to LAFCO (see attached letter).

RECOMMENDATION: It is recommended that the Commission approve an extension of time to submit an annexation application to LAFCO to August 7, 2020, as requested by Lenox Homes.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachment – Letter from Focus Realty Services Inc/Lenox Homes LLC

c: Dan Freeman, President, Focus Realty Services Inc./Lenox Homes LLC
Mindy Gentry, Planning Manager, City of Concord

Attachment

Focus Realty Services Inc./Lenox Homes LLC
3675 Mt. Diablo Blvd., Suite 350
Lafayette, CA 94549
Phone: (925) 283-8470

November 20, 2019

Ms. Lou Ann Texeira
Executive Officer
Contra Costa Local Area Formation Commission
651 Pine Street
Lafayette, CA 94553

Re: Laurel Place II Annexation to City of Concord

Dear Lou Ann,

This letter will serve as our formal request for an extension to the annexation deadline for the above referenced area. We request an additional 12 months from August 7, 2019, to August 7, 2020. Per the approved resolution 18-10, condition #4, LAFCO was to defer recordation of the annexation map for up to one year to August 7, 2019 to allow us as developer of the 7 home sites off of Laurel Drive time to complete site and house construction. The site improvements and the home construction are underway, and we anticipate they will be complete by end of Summer 2020.

We understand that we missed the original deadline of August 7, 2019 and we apologize for the oversite, our firm experienced employee turnover responsible for this activity at that time and the paperwork was misplaced.

Thank you for your consideration of this request.

Sincerely,

Daniel Freeman
President

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
40 Muir Road, 1st Floor • Martinez, CA 94553
e-mail: LouAnn.Texeira@lafco.cccounty.us
(925) 313-7133

December 11, 2019
Agenda Item 9

December 11, 2019 (Agenda)

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

Financial Audit for Fiscal Year 2017-18

Dear Members of the Commission:

Each year, LAFCO conducts an audit of the LAFCO finances. The independent auditing firm of R.J. Ricciardi, Inc. prepared the LAFCO financial audit for FY 2017-18 (see attachments). Per the Commission's request, the auditing firm periodically rotates staff auditors assigned to the LAFCO audit, and a different auditor prepares the LAFCO audit each year.

The audit was conducted in accordance with the generally accepted auditing standards as specified in the report. The FY 2017-18 audit is attached and includes additional information in accordance with new legislation (GASB 75).

The auditors found LAFCO's financial statements present fairly, in all material respects, the respective position of the governmental activities and major fund of Contra Costa LAFCO as of June 30, 2018. Further, that the economic condition of Contra Costa LAFCO, as it appears on the Statement of Net Position, reflects financial stability and the potential for organizational growth.

We extend special thanks to the County Auditor-Controller's Office staff, including Linda Montenegro, Michelle Johnston, Analiza Pinlac, Carrie Zhang; CCCERA staff Henry Gudino; and LAFCO staff Kate Sibley and Lauren Talbott for their work on the FY 2017-18 annual audit.

Recommendation - It is recommended that the Commission receive and file the audit report for the fiscal year ending June 30, 2018.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachments
FY 2017-18 Financial Audit – Management Report
FY 2017-18 Financial Audit – Audit Report

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS & MANAGEMENT REPORT

FOR THE YEAR ENDED
JUNE 30, 2018

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Commissioners
Contra Costa Local Agency Formation Commission
Martinez, California

In planning and performing our audit of the basic financial statements of Contra Costa Local Agency Formation Commission for the fiscal year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Contra Costa Local Agency Formation Commission's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and the Commissioners and should not be used by anyone other than these specified parties.

We thank Contra Costa Local Agency Formation Commission's staff for its cooperation during our audit.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California

1101 FIFTH AVENUE, SUITE 360 SAN RAFAEL, CA 94901 TEL (415) 457-1215 FAX (415) 457-6735 www.rjrcpa.com

Commissioners
Contra Costa Local Agency Formation Commission
Martinez, California

We have audited the basic financial statements of Contra Costa Local Agency Formation Commission (the Commission) for the year ended June 30, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 20, 2018, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Commission are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole. There were no sensitive estimates affecting the basic financial statements that came to our attention.

Difficulties Encountered in Performing the Audit
We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such adjustments. The three audit adjustments that were detected as a result of audit procedures, either individually or in the aggregate, were material to the financial statements taken as a whole.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

1101 FIFTH AVENUE, SUITE 360 SAN RAFAEL, CA 94901 TEL (415) 457-1215 FAX (415) 457-6735 www.rjrcpa.com

Management Representations
We have requested certain representations from management that are included in the management representation letter dated November 1, 2019.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the Management's Discussion and Analysis and the Budgetary Comparison Schedule for the General Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This report is intended solely for the information and use of management and Commissioners of the Contra Costa Local Agency Formation Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Current Year Observations

There were no current year observations.

Prior Year Observations

There were no prior year observations.

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

MARTINEZ, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

Commissioners
Contra Costa Local Agency Formation Commission
Martinez, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Contra Costa Local Agency Formation Commission (CCLAFCO), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Contra Costa Local Agency Formation Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Contra Costa Local Agency Formation Commission as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1101 FIFTH AVENUE, SUITE 360 SAN RAFAEL, CA 94901 TEL (415) 457-1215 FAX (415) 457-6735 www.rjrcpa.com

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-6), budgetary comparison information (page 24) and other Required Supplementary Information (pages 25-28) related tables be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

R.J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California

This section of Contra Costa Local Agency Formation Commission's (CCLAFCO's) basic financial statements presents management's overview and analysis of the financial activities of the agency for the fiscal year ended June 30, 2018. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to CCLAFCO's audited financial statements, which are composed of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments.* The Single Governmental Program for Special Purpose Governments reporting model is used, which best represents the activities of CCLAFCO.

The required financial statements include the Statement of Net Position and Governmental Funds Balance Sheet; and the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures, and Changes in Net Position.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of CCLAFCO.

The Basic Financial Statements

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of CCLAFCO's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of CCLAFCO's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of CCLAFCO as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of CCLAFCO's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of CCLAFCO's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of CCLAFCO's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report CCLAFCO's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of CCLAFCO's Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of CCLAFCO and are presented individually. Major Funds are explained below.

The Government-wide Financial Statements

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of CCLAFCO as a whole.

The Statement of Net Position and the Statement of Activities present information about the following: *Governmental Activities* – CCLAFCO's basic services are considered to be governmental activities. These services are supported by specific general revenues from local agencies.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of CCLAFCO's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of CCLAFCO for the year, and may change from year-to-year as a result of changes in the pattern of CCLAFCO's activities.

In CCLAFCO's case, there is only one Major Governmental Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

Analyses of Major Funds

Governmental Funds
General Fund actual revenues increased this fiscal year compared to the prior year by $56,855 due to an increase in the CCLAFCO budget and a corresponding increase in agency contributions. Actual revenues were greater than budgeted amounts by $34,526 due primarily to an increase in application activity and corresponding applications fees.

General Fund actual expenditures were $710,337, an increase of $54,104 from the prior year primarily due to an increase in services and supplies purchases. Expenditures were $84,873 less than budgeted due primarily to delayed relocation plans and reduced Municipal Service Review support costs.

Governmental Activities

Table 1
Governmental Net Position

	2018 Governmental Activities	2017 Governmental Activities
Current assets	$ 530,241	$ 437,229
Total assets	530,241	437,229
Deferred outflows of resources (Note 7B)	142,080	171,194
Current liabilities	50,668	57,055
Noncurrent liabilities	562,135	439,089
Total liabilities	612,803	496,144
Deferred inflows of resources (Note 7B)	76,651	49,447
Net position:		
Unrestricted	(17,133)	62,832
Total net position	$ (17,133)	$ 62,832

CCLAFCO's governmental net position amounted to $(17,133) as of June 30, 2018, a decrease of $79,965 from 2017. This decrease is the Change in Net Position reflected in the Statement of Activities shown in Table 2. CCLAFCO's net position as of June 30, 2018 comprised the following:

- Cash and investments comprised $523,851 of cash on deposit with the Contra Costa County Treasury.
- Prepaid items totaling $6,390.
- Accounts payable totaling $39,086.
- Due to other government agencies totaling $11,582.
- Net pension liability of $181,268 (Note 7B) and retiree health liability of $380,867 (Note 8C).
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. CCLAFCO had $(17,133) of unrestricted net position as of June 30, 2018.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2
Changes in Governmental Net Position

	2018 Governmental Activities	2017 Governmental Activities
Expenses		
Salaries and benefits	$ 652,620	$ 406,581
Services and supplies	237,081	219,581
Total expenses	889,701	626,162
Revenues		
Program revenues:		
Charges for services	54,526	29,148
Total program revenues	54,526	29,148
General revenues:		
Intergovernmental	755,210	723,733
Total general revenues	755,210	723,733
Total revenues	809,736	752,881
Change in net position	$ (79,965)	$ 126,719

As Table 2 above shows, $54,526, or 6.73% of CCLAFCO's fiscal year 2018 governmental revenue, came from program revenues and $755,210, or 93.27%, came from general revenues (i.e. contributions from local agencies). Furthermore, CCLAFCO had budgeted $170,000 of its fund balance reserves to cover the budgeted excess expenditures over revenues.

Program revenues were composed of Boundary Proposal and related fees of $54,526.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs. Application fees do not fully cover their costs.

Salaries and benefits costs include adjustments for other post-employment benefits as discussed in Note 8.

Capital Assets

CCLAFCO has no capital assets.

Debt Administration

CCLAFCO does not utilize long-term debt to fund operations or growth.

Economic Outlook and Major Initiatives

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the various agencies served by CCLAFCO.

The economic condition of CCLAFCO as it appears on the Statement of Net Position reflects financial stability and the potential for organizational growth. CCLAFCO will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality service to the community.

Contacting CCLAFCO's Financial Management

The basic financial statements are intended to provide citizens, taxpayers, and creditors with a general overview of CCLAFCO's finances. Questions about this report should be directed to Contra Costa Local Agency Formation Commission, 651 Pine Street 6th Floor, Martinez, California 94553.

Contra Costa Local Agency Formation Commission
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2018

	General	Adjustments (Note 9)	Statement of Net Position
ASSETS			
Cash and investments	$ 523,851	$ -	$ 523,851
Prepaid items	6,390	-	6,390
Total assets	$ 530,241	-	530,241
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources-pension (Notes 2F, 7 & 8)		142,080	142,080
LIABILITIES			
Accounts payable	$ 39,086	$ -	39,086
Due to other governments	11,582	-	11,582
Long-term liabilities:			
Other post-employment benefits liability (Note 8)		380,867	380,867
Net pension liability (Note 7)	-	181,268	181,268
Total liabilities	50,668	562,135	612,803
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources-pension (Notes 2F, 7 & 8)		76,651	76,651
FUND BALANCES/NET POSITION			
Fund balances:			
Unassigned fund balance	479,573	(479,573)	-
Total fund balances	479,573	(479,573)	-
Total liabilities and fund balances	$ 530,241		
Net position:			
Unrestricted		(17,133)	(17,133)
Total net position		$ (17,133)	$ (17,133)

The accompanying notes are an integral part of these financial statements.

Contra Costa Local Agency Formation Commission

STATEMENT OF ACTIVITIES
AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Period Ended June 30, 2018

	General	Adjustments (Note 10)	Statement of Activities
Expenditures/expenses:			
Salaries and benefits	$ 473,256	$ 179,364	$ 652,620
Services and supplies	237,081	-	237,081
Total expenditures/expenses	710,337	179,364	889,701
Program revenues:			
Charges for services	54,526	-	54,526
Total program revenues	54,526	-	54,526
Net program expenses			(835,175)
General revenues:			
Intergovernmental	755,210	-	755,210
Total general revenues	755,210	-	755,210
Excess of revenues over (under) expenditures	99,399	(99,399)	-
Change in net position	-	(79,965)	(79,965)
Fund balance/Net position, beginning of period	380,174	(317,342)	62,832
Fund balance/Net position, end of period	$ 479,573	$ (496,706)	$ (17,133)

The accompanying notes are an integral part of these financial statements.

NOTE 1 - REPORTING ENTITY

A. Organization of CCLAFCO

Contra Costa Local Agency Formation Commission (CCLAFCO) was formed in 1963. CCLAFCO is responsible for coordinating logical and timely changes in local government boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structure, and preparing a sphere of influence for each city and special district within its county. CCLAFCO's efforts are directed toward seeing that services are provided efficiently and economically while agricultural and open-space lands are protected. CCLAFCO also conducts service reviews to evaluate the provision of municipal services within its county.

B. Principles that Determine the Scope of Reporting Entity

CCLAFCO consists of seven voting members and exercises the powers allowed by state statutes. This follows section 56325 of the Government Code. The basic financial statements of CCLAFCO consist only of the funds of CCLAFCO. CCLAFCO has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by, or dependent on, CCLAFCO.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

CCLAFCO's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

CCLAFCO has chosen to present its basic financial statements using the reporting model for special purpose governments engaged in a single government program.

This model allows the fund financial statements and the government-wide statements to be combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule.

Government-wide Financial Statements

CCLAFCO's financial statements reflect only its own activities; it has no component units. The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through intergovernmental revenues and charges for services.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of CCLAFCO's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods and services offered by the program. Revenues that are not classified as program revenues, including all intergovernmental revenues, are presented as general revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (concluded)

Fund Financial Statements
Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. General Fund operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. CCLAFCO's resources are accounted for based on the purposes for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of CCLAFCO or meets the following criteria: Total assets, liabilities, revenues or expenditures (or expenses) of the individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type. The General Fund is always a major fund.

Governmental Funds
General Fund: This is the operating fund of CCLAFCO. The major revenue source for this fund is intergovernmental revenues. Expenditures are made for intergovernmental revenues projects and administration.

B. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred,* regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual* basis of accounting. Under this method, revenues are recognized when "measurable and available." CCLAFCO considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are intergovernmental, certain charges for services and interest revenue. Charges for services are not susceptible to accrual because they are not measurable until received in cash.

CCLAFCO may fund programs with a combination of charges for services and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. CCLAFCO's policy is to first apply restricted resources to such programs, followed by general revenues if necessary.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

C. CCLAFCO Budget

Pursuant to Section 56381, et seq of the Government Code, CCLAFCO adopts a preliminary budget by May 1 and a final budget by June 15 of each year. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budget/actual comparisons in this report use this budgetary basis. These budgeted amounts are as originally adopted or as amended by CCLAFCO. Individual amendments were not material in relation to the original appropriations that were amended.

D. Property, Plant and Equipment

CCLAFCO currently has no fixed assets.

E. Compensated Absences

Compensated absences comprise unpaid vacation. Vacation and sick time are accrued as earned.

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

NOTE 3 - CASH AND INVESTMENTS

CCLAFCO's cash is maintained with the Contra Costa County Treasury in a non-interest-bearing account. CCLAFCO's cash on deposit with the Contra Costa County Treasury at June 30, 2018 was $523,851.

Credit Risk, Carrying Amount and Market Value of Investments
CCLAFCO maintains specific cash deposits with Contra Costa County. Contra Costa County is restricted by state code in the types of investments it can make. Furthermore, the Contra Costa County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, Contra Costa County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27130. In addition, CCLAFCO has its own investment policy as well.

Contra Costa County's investment policy authorizes Contra Costa County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2018, CCLAFCO's cash with the Contra Costa County Treasurer was maintained in a non-interest-bearing account.

NOTE 4 - USE OF ESTIMATES

The basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

NOTE 5 - CONTINGENCIES

CCLAFCO may be involved from time to time in various claims and litigation arising in the ordinary course of business. CCLAFCO management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters should not have a materially adverse effect on CCLAFCO's financial position or results of operations.

NOTE 6 - FUND EQUITY

The accompanying basic financial statements reflect certain changes that have been made with respect to the reporting of the components of Fund Balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Commissioners serve as CCLAFCO's highest level of decision-making authority and have the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by CCLAFCO for specific purposes, subject to change, as established either directly by the Commissioners or by management officials to whom assignment authority has been delegated by the Commissioners.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, CCLAFCO specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, CCLAFCO's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

NOTE 6 - FUND EQUITY (concluded)

Net Position

Net Position is the excess of all CCLAFCO's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

Invested in capital assets, net of related debt describes the portion of Net Position that is represented by the current net book value of CCLAFCO's capital assets, less the outstanding balance of any debt issued to finance these assets. *Restricted* describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that CCLAFCO cannot unilaterally alter. *Unrestricted* describes the portion of Net Position that is not restricted to use.

All of CCLAFCO's Net Position is unrestricted.

NOTE 7 - PENSION PLAN

A. General Information about the Pension Plan

Plan Description: CCLAFCO participates in the Contra Costa County Employees' Retirement Association (CCCERA), a cost-sharing multiple employer defined benefit pension plan. CCCERA is governed by the Board of Retirement (Board) under the County Employee's Retirement Law of 1937, as amended on July 1, 1945. It provides benefits upon retirement, death or disability of members, and covers substantially all of the employees of the County of Contra Costa and eighteen other member agencies.

Benefits Provided: Benefits are based on years of credited service, equal to one year of full-time employment. Members may elect service retirement at age of 50 with 10 years of service credit, age 70 regardless of service, or with thirty years of service, regardless of age.

Benefits are administered by the Board under the provision of the 1937 Act. Annual cost-of-living adjustments (COLA) to retirement benefits may be granted by the Board as provided by State statutes. Services retirements are based on age, length of service and final average salary. Employees may withdraw contributions, plus interest credited, or leave them on deposit for a deferred retirement when they terminate or transfer to a reciprocal retirement system.

The Plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous Plans	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2.5% @ 67
Benefit vesting schedule	10 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensations	0% - 100%	0% - 100%
Required employee contribution rates	6.85% - 8.87%	7.75%
Required employer contribution rates	33.53%-34.39%	28.28%

NOTE 7 - PENSION PLAN (continued)

A. General Information about the Pension Plan (concluded)

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CCCERA. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. CCLAFCO is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous Plans
Employer Contributions	$ 124,683

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, CCLAFCO reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Plan	$ 181,268
Total Net Pension Liability	$ 181,268

CCLAFCO's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017 using standard update procedures. CCLAFCO's proportion of the net pension liability was based on a projection of CCLAFCO's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. CCLAFCO's proportionate share of the net pension liability for the Plan as of June 30, 2017 was (0.026%) and 2018 (0.022%) which resulted in a decrease of (0.004%).

For the year ended June 30, 2018, CCLAFCO recognized pension expense of $32,504. At June 30, 2018, CCLAFCO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 7 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 124,683	$ -
Differences between actual and expected experience	-	17,871
Changes in assumptions	5,466	2
Net difference between projected and actual earnings on pension plan investments	-	46,735
Change in proportion and differences between employer contributions and proportionate share of contributions	8,177	12,043
Total	$ 138,236	$ 76,651

The $124,683 reported as deferred outflows of resources related to contributions, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

The difference between projected and actual investment earnings on pension plan investments is amortized over 5 years on a straight-line basis. One-fifth was recognized in pension expense during the measurement period, and the remaining difference between projected and actual investment earnings on pension plan investments at December 31, 2017, is to be amortized over the remaining periods.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	$ 9,347
2020	9,347
2021	9,347
2022	-

Actuarial Assumptions - The total pension liabilities in the December 31, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2017
Measurement Date	December 31, 2016
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Amortization Method	Level percent of payroll for total unfunded liability
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	4.0%
Projected Salary Increase	4.0%-13.25%

NOTE 7 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

A complete copy of the Actuarial Valuation Summary is available in separately issued financial statements of the plan which can be obtained from CCCERA located at 1355 Willow Way, Suite 221, Concord, CA 94520.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% for the Plan. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both December 31, 2017 and 2016.

The long-term expected rate of return on pension plan investments was determined in 2013 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	6.00%	5.75%
Developed International Equity	10.00%	6.99%
Emerging Markets Equity	14.00%	8.95%
Short-Term Govt/Credit	24.00%	0.20%
U.S. Treasury	2.00%	0.30%
Real Estate	7.00%	4.45%
Cash & Equivalents	1.00%	-0.46%
Risk Diversifying Strategies	2.00%	4.30%
Private Credit	17.00%	6.30%
Private Equity	17.00%	8.10%
Total	100.00%	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents CCLAFCO's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what CCLAFCO's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

NOTE 7 - PENSION PLAN (concluded)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (concluded)

	Miscellaneous
1% Decrease	6.00%
Net Pension Liability	$413,291
Current Discount Rate	7.00%
Net Pension Liability	$181,268
1% Increase	8.00%
Net Pension Liability	$(68,157)

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CCCERA financial reports.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT (OPEB)

A. Plan Description

CCLAFCO administers a single-employer defined benefit healthcare plan. CCLAFCO currently provides retiree health benefits to retirees and their dependents through Contra Costa County. All retired employees are eligible to receive health and dental benefits for life, with costs shared by CCLAFCO and the retirees.

At July 1, 2017, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	3
Active plan members	2

B. Funding Policy

CCLAFCO currently pays a portion of retiree healthcare benefits on a pay-as-you-go basis.

C. Net OPEB Liability

CCLAFCO's Net OPEB Liability was measured as of June 30, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2017 (June 30, 2017). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT (OPEB) (continued)

D. Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Investment rate of return	4.00%, net of OPEB plan investment expense
Medical cost trend rate	6.00% for 2017; 5.00% for 2018; 5.00% for 2019; and 5.00% for 2020 and later years
Dental, vision and other cost trend rate	4.00%
Employer cap adjustment	6.00% for 2017; 5.00% for 2018; 5.00% for 2019; and 5.00% for 2020 and later years
Age adjustment factor	3.00%
Percent married	100% (future retirees)

E. Discount Rate

The discount rate reflects:

(a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
(b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

The discount rate used to measure CCLAFCO's Total OPEB liability is based on these requirements and the following information:

Reporting date	Measurement date	Long-term expected return of plan investments (if any)	Municipal bond 20-year high grade rate index	Discount rate
June 30, 2018	June 30, 2017	4.00%	3.13%	4.00%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00%) or 1-percentage-point higher (5.00%) than the current discount rate:

	1.00% Decrease (3.00%)	Discount rate (4.00%)	1.00% Increase (5.00%)
Net OPEB liability (asset)	$ 437,892	$ 380,867	$ 333,227

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT (OPEB) (continued)

E. Discount Rate (concluded)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 4.00%) or 1-percentage-point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1.00% Decrease (5.00% decreasing to 4.00%)	Trend Rate (6.00% decreasing to 5.00%)	1.00% Increase (7.00% decreasing to 6.00%)
Net OPEB liability (asset)	$ 330,709	$ 380,867	$ 440,353

F. Components of the Net OPEB Liability

Total OPEB liability	$ 513,413
Plan fiduciary net position	132,546
Net OPEB liability (assets)	$ 380,867
Measurement date	June 30, 2017
Reporting date	June 30, 2018

	Actives	Retirees	Total
Employer present value of future benefits	$ 450,849	$ 168,356	$ 619,205
Employer Total OPEB liability	345,057	168,356	513,413
Employer normal cost	29,086	-	29,086

G. Schedule of Changes in Net OPEB Liability

	2018
Total OPEB liability	
Service costs	$ 29,368
Interest	19,004
Benefit payment	(19,910)
Net change in total OPEB liability	28,462
Total OPEB liability - beginning (a)	484,951
Total OPEB liability - ending (b)	513,413
Plan fiduciary net position	
Contributions - employer	19,910
Net investment income	594
Benefit payments	(19,910)
Trustee fees	(9)
Net change in plan fiduciary net position	585
Plan fiduciary net position - beginning (c)	131,961
Plan fiduciary net position - ending (d)	132,546
Net OPEB liability - beginning (c) - (a)	352,990
Net OPEB liability - ending (d) - (b)	$ 380,867

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT (OPEB) (continued)

H. Statement of Fiduciary Net Position

	2018
Assets	
Cash, deposits, and cash equivalents	$ -
Receivables:	
Accrued income	-
Total receivables	-
Investments:	
Managed account	132,546
Total investment	132,546
Total assets	132,546
Liabilities	
Payables	-
Total liabilities	-
Net position restricted for postemployment benefits other than pensions	$ 132,546
Measurement date	June 30, 2017
Reporting date	June 30, 2018

I. Statement of Change in Fiduciary Net Position:

	2018
Additions	
Employer contributions	$ 19,910
Investment income:	
Net increase in fair value of investment	594
Total additions	20,504
Deductions	
Trustee fees	9
Administrative expense	-
Benefit payments	19,910
Total deductions	19,919
Net increase in net position	585
Net position restricted for postemployment benefits other than pensions	
Beginning of year	131,961
End of year	$ 132,546

J. Investments

Rate of Return - For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 0.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT (OPEB) (concluded)

K. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the reporting year ended June 30, 2018, CCLAFCO's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions or other inputs	-	-
Difference between projected and actual return investment	3,754	-
Total	$ 3,754	$ -

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 939	$ -
2020	939	-
2021	939	-
2022	937	-
2023	-	-

L. Net OPEB Expense

CCLAFCO's Net OPEB expense for the year ended June 30, 2018 was $44,033.

Net OPEB liability - beginning (a)	$ 352,990
Net OPEB liability - ending (b)	380,867
Change in net OPEB liability [(b)-(a)]	27,877
Change in deferred outflows	(3,754)
Change in deferred inflows	-
Employer contributions	19,910
OPEB expense	$ 44,033

CCLAFCO's Net OPEB expense reconciliation:

Service cost	$ 29,368
Interest cost	19,004
Expected return on assets	(5,278)
Change in benefit terms	-
Reconciliation of deferred outflows and inflows:	
Difference between expected and actual experience	-
Change in assumptions	-
Difference between projected and actual investment	939
Total	939
Net OPEB expense	$ 44,033

NOTE 9 - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION

Reconciling adjustments are as follows:

Fund balances - total government funds	$	479,573
Deferred inflows related to pension		(76,651)
Deferred outflows related to pension		138,326
Deferred outflows related to OPEB		3,754
OPEB liability		(380,867)
Net pension liability		(181,268)
Net position of governmental activities	$	(17,133)

NOTE 10 - RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES

Reconciling adjustments are as follows:

Net change in fund balance – total governmental funds	$	99,399
The amounts below included in the statement of activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):		
Other post-employment benefits liability		(297,353)
Net pension liability transactions: Governmental funds record pension expense as it is paid. However, in the statement of activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability.		117,989
Change in net position of governmental activities	$	(79,965)

AUDITORS' INFORMATION

June 30, 2018

Audit Firm:	R.J. Ricciardi, Inc.
Lead Auditor's Name:	Michael O'Connor, CPA
Audit Firm's Address:	1101 Fifth Avenue, Suite 360 San Rafael, CA 94901
Telephone number:	(415) 457-1215
Date of Independent Auditors' Report:	DATE

REQUIRED SUPPLEMENTARY INFORMATION

Contra Costa Local Agency Formation Commission

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Budget and Actual

General Fund (Unaudited)

For the Period Ended June 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Revenues:				
Intergovernmental	$ 755,210	$ 755,210	$ 755,210	$ -
Charges for services	20,000	20,000	54,526	34,526
Total revenues	775,210	775,210	809,736	34,526
Expenditures:				
Salaries and benefits	404,370	404,370	473,256	(68,886)
Services and supplies	390,840	390,840	237,081	153,759
Total expenditures	795,210	795,210	710,337	84,873
Excess of revenues over (under) expenditures	(20,000)	(20,000)	99,399	$ 119,399
Fund balance, beginning of period			380,174	
Fund balance, end of period			$ 479,573	
Contingency reserve	(80,000)	(80,000)		
OPEB trust	(40,000)	(40,000)		
CCCERA pre-fund	(30,000)	(30,000)		
Fund balance reserves	170,000	170,000		
Total	$ -	$ -		

The accompanying notes are an integral part of these basic financial statements.

Contra Costa Local Agency Formation Commission

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

Last 10 Years*

	2018	2017	2016	2015
Proportion of net pension liability	0.022%	0.026%	0.027%	0.030%
Proportionate share of the net pension liability	$ 181,268	$ 359,329	$ 400,173	$ 364,601
Covered-employee payroll	$ 218,320	$ 211,319	$ 208,810	$ 202,859
Proportionate Share of the net pension liability as a percentage of covered employee payroll	83.03%	170.04%	191.64%	179.73%
Plan fiduciary net position as a percentage of the total pension liability	91.18%	84.16%	77.84%	79.57%

Notes to Schedule:

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Fiscal year 2015 was the first year of implementation, therefore only the first four years were available.

Contra Costa Local Agency Formation Commission

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - PENSION

Last 10 Years*

	2018	2017	2016	2015
Actuarially determined contribution	$ 124,683	$ 93,060	$ 103,349	$ 97,935
Contributions in relation to the actuarially determined contributions	(124,683)	(93,060)	(103,349)	(97,935)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 218,320	$ 211,319	$ 208,810	$ 202,859
Contributions as a percentage of covered-employee payroll	57.11%	44.04%	48.28%	48.28%

Notes to Schedule:

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Fiscal year 2015 was the first year of implementation, therefore only the first four years were available.

Contra Costa Local Agency Formation Commission

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - OPEB

For the Year Ended June 30, 2018

	2018
Actuarially determined contribution	$ 43,396
Contributions in relation to the actuarially determined contribution	44,033
Contribution deficiency (excess)	$ (637)
Covered payroll	$ 218,320
Contributions as a percentage of covered payroll	20.17%

Notes to Schedule:

The schedules present information to illustrate changes in Contra Costa LAFCO's contributions over a ten year period when the information is available.

GASB 75 requires this information for plans funding with OPEB trusts to be reported in the employer's Required Supplemental Information for 10 years or as many years as are available upon implementation. The plan was not funded with an OPEB trust prior to June 30, 2018. The District adopted GASB 75 for the fiscal year ending June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS

For the Period Ended June 30, 2018

		2018
Total OPEB Liability		
Service cost	$	29,368
Interest		19,004
Benefit payments, included refunds of employee contributions		(19,910)
Implicit rate subsidy fulfilled		-
Net change in total OPEB liability		28,462
Total OPEB liability - beginning of year		484,951
Total OPEB liability - end of year	$	513,413
Plan Fiduciary Net Position		
Net investment income	$	594
Contributions		
Employer - explicit subsidy		19,910
Employer - implicit subsidy		-
Benefit payments, included refunds of employee contributions		(19,910)
Trustee fees		(9)
Administrative expense		-
Net change in plan fiduciary net position		585
Plan fiduciary net position - beginning of year		131,961
Plan fiduciary net position - end of year		132,546
District's net OPEB liability - end of year	$	380,867
Plan fiduciary net position as a percentage of the total OPEB liability		34.80%
Covered-employee payroll	$	218,320
Net OPEB liability as a percentage of covered-employee payroll		174.45%

Notes to Schedule:

The schedules present information to illustrate changes in Contra Costa Local Agency Formation Commission's changes in the net OPEB liability over a ten year period when the information is available. CCLAFCO adopted GASB 75 for the fiscal year ending June 30, 2018.

Contra Costa County Employees' Retirement Association

December 11, 2019
Agenda Item 10

AGENDA

RETIREMENT BOARD MEETING

SPECIAL MEETING
November 6, 2019
9:00 a.m.

Board Conference Room
1200 Concord Avenue, Suite 350
Concord, California

THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.

2. Accept comments from the public.

3. Approve minutes from the October 9, 2019 meeting.

4. Routine items for November 6, 2019.

   a. Approve certifications of membership.
   b. Approve service and disability allowances.
   c. Accept disability applications and authorize subpoenas as required.
   d. Approve death benefits.
   e. Accept travel report.
   f. Accept asset allocation report.
   g. Accept liquidity report.

CLOSED SESSION

5. The Board will go into closed session pursuant to Govt. Code Section 54957 to consider recommendations from the medical advisor and/or staff regarding the following disability retirement applications:

Member	Type Sought	Recommendation
a. Neal Bassett	Service Connected	Non-Service Connected
b. Tracy Kenney	Service Connected	Service Connected
c. Alex Ray	Service Connected	Service Connected

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.

6. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:

   a. *CCCERA v. Salgado,* Contra Costa County Superior Court, Case No. MSC19-00580

OPEN SESSION

7. Presentation of the Actuarial Audit Report by Cheiron.

8. Consider and take possible action concerning the SACRS legislative proposals to be voted on at the November 2019 SACRS Conference.

9. Consider authorizing the attendance of Board:
   a. General Assembly, CALAPRS, March 7-10, 2020, Rancho Mirage, CA.
   b. Advanced Principles of Pension Management for Trustees, CALAPRS, March 30-April 1, 2020, Los Angeles, CA.

10. Miscellaneous
    a. Staff Report
    b. Outside Professionals' Report
    c. Trustees' comments

Contra Costa County Employees' Retirement Association

AGENDA

RETIREMENT BOARD MEETING

SECOND MONTHLY MEETING
November 20, 2019
9:00 a.m.

Board Conference Room
1200 Concord Avenue, Suite 350
Concord, California

THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.

2. Accept comments from the public.

3. Approve minutes from the October 23, 2019 meeting.

4. Review of total portfolio performance for period ending September 30, 2019.
    a. Presentation from Verus
    b. Presentation from staff

5. Update from StepStone Group on private equity.

6. Update from StepStone Group on private credit implementation.

7. Presentation of the alternate investment fees and expense report.

8. Consider and take possible action on Board meeting schedule for 2020.

9. Consider authorizing the attendance of Board:
    a. 2020 Legislative Conference, National Conference on Public Employee Retirement Systems, January 26-28, 2020, Washington, DC.
    b. Commonfund Forum 2020, March 8-10, 2020, Orlando, FL.

10. Miscellaneous
    a. Staff Report
    b. Outside Professionals' Report
    c. Trustees' comments

2020 Events Calendar

December 11, 2019
Agenda Item 12a

JANUARY

13 **CALAFCO University course** (Orange County)

17 **CALAFCO Legislative Committee** (Irvine)

21-23 CA Assn. of Sanitation Agencies Conference (Indian Wells)

22-24 League New Mayor & Council Academy (Sacramento)

FEBRUARY

21 **CALAFCO Board of Directors Meeting** (San Diego)

MARCH

5-8 Local Government Commission Ahwahnee Conference (Yosemite)

6 **CALAFCO Legislative Committee** (Sacramento)

12 Assn. of CA Water Agencies Legislative Symposium (Sacramento)

25-27 **CALAFCO Staff Workshop** (Newport Beach)

31 Fire District Assn. Annual Meeting (Napa)

APRIL

1-3 Fire District Assn. Annual Meeting (Napa)

3 **CALAFCO Legislative Committee** (San Diego)

22 League of Cities Legislative Day (Sacramento)

MAY

1 **CALAFCO Board of Directors Meeting** (Sacramento)

5-8 Assn. of CA Water Agencies Conference (Monterey)

8 **CALAFCO Legislative Committee** (Conference call)

19-20 CA Special Districts Assn. Legislative Days (Sacramento)

27-28 CA State Assn. of Counties Legislative Days (Sacramento)

JUNE

12 **CALAFCO Legislative Committee** (Conference call)

17-18 League Mayor & Council Executive Forum (Monterey)

JULY

17 **CALAFCO Legislative Committee** (Conference call)

24 **CALAFCO Board of Directors Meeting** (San Diego)

AUGUST

12-14 CA Assn. of Sanitation Agencies Annual Conference (Squaw Valley)

24-27 CA Special Districts Assn. Annual Conference (Palm Desert)

SEPTEMBER

16-17 Regional Council of Rural Counties Annual Conference (Napa)

OCTOBER

2 **CALAFCO Legislative Committee (2021)** (Conference call)

7-9 League Annual Conference (Long Beach)

21-23 **CALAFCO Annual Conference** (Monterey)

22 **CALAFCO Annual Business Meeting** (Monterey)

23 **CALAFCO Board of Directors Meeting** (Monterey)

NOVEMBER

6 **CALAFCO Legislative Committee (2021)** (Sacramento)

13 **CALAFCO Board of Directors Meeting** (Sacramento)

DECEMBER

1-4 CA State Assn. of Counties Annual Conference (Los Angeles)

1-4 Assn. of CA Water Agencies Conference (Indian Wells)

Sharing Information and Resources

California Association of Local Agency Formation Commissions

1020 12th Street, Suite 222
Sacramento, CA 95814

916-442-6536

For current information and other CALAFCO resources please visit **www.calafco.org**

Updated November 21, 2019

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
PENDING PROPOSALS – December 11, 2019

December 11, 2019
Agenda Item 12b

LAFCO APPLICATION	RECEIVED	STATUS
LAFCO No. 10-09 - 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
LAFCO No. 10-10 - 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
LAFCO No. 13-04 - Bayo Vista Housing Authority Annexation to Rodeo Sanitary District: 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
LAFCO No. 14-05 - 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 Commission's calendar pending further notice
LAFCO No. 16-06 - 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
LAFCO No. 16-07 -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
LAFCO No. 19-08 - West County Wastewater District (WCWD) Annex 320 Urban Tilth Annexation (323 Brookside Drive) – proposed annexation of 3.1± acres (APN 408-201-017)	Oct 2019	Under review

San Francisco Chronicle?

December 11, 2019
Agenda Item 12c

The Bayview neighborhood has one of the highest rates of power shutoffs in The City, according to data from PG&E. (Courtesy photo)

Report finds disparities in PG&E power shutoffs among SF customers
Bayview-Hunters Point has highest rate of PG&E disconnections for nonpayment
Joshua Sabatini - Nov. 17, 2019 5:00 p.m.

Pacific Gas & Electric shuts off the power to about 15,000 customers in San Francisco for nonpayment annually, disproportionately impacting neighborhoods where more people of color live, new data shows.

The disconnects are particularly concerning for a city that has prioritized equity under Mayor London Breed, such as through The City's budget process.

The data was presented Friday to the Local Agency Formation Commission, which includes members of the Board of Supervisors, by a graduate student who conducted an equity report related to CleanPowerSF, The City's renewable energy program.

"Every year there are roughly 15,000 accounts that are disconnected," said Winston Parsons, a graduate student in the University of San Francisco's Urban and Public Affairs program. "More people are impacted than that because many accounts have more than one person in a household."

The data, which was provided by PG&E upon request for the years 2016 through 2018, shows the rates for power shut-offs by zip code. The highest rates for shutting off the power for nonpayment occur in parts of San Francisco with larger populations of people of color.

In the Bayview, the shutoff rate was the highest at 9.4 percent with 982 customer disconnections out of a total of 10,483 accounts.

"The disconnection rate in 94124 (Bayview-Hunters Point) from 2016-2018 was roughly two times that in 94121 (Outer Richmond) and three-and-a-half times as high as in 94127 (West Portal/St. Francis Woods)," said Parsons' report titled "Advancing Equity and Community Investment in CleanPowerSF."

The report also looked at the disparities that exist for low-income customers receiving discounted rates of up to 35 percent through the California Alternate Rates for Energy program. To qualify for the CARE program a household of two couldn't earn more than $33,820 and a household of four no more than $51,500.

"Nearly half of disconnections in 94124 – the Bayview-Hunters Point – are among CARE customers, a far higher proportion than any other district, followed only by 94134 – Visitacion Valley/Portola, 94112 – Crocker-Amazon/Sunnyside, and several ZIP codes in the SOMA area," the report said. "These ZIP codes also have some of the highest percentages each of low-income, rent-burdened, single-parent, and African American and Hispanic households in San Francisco."

"There are very real negative impacts from a power disconnection. A household without power will likely go without heating, lighting, refrigeration," Parsons said. "And they might turn to solutions that increase the risk of fires."

LAFCO chair Supervisor Sandra Fewer, who recently helped establish a new Office of Racial Equity, said that she hadn't thought of power shut-offs as an equity issue before but that "these are the nuances that we actually don't think about."

"This is very concerning," Fewer said.

Parsons said that "as far as we can tell, it is the first time this data specific to San Francisco has been made publicly available."

He said that they have received additional requested data from PG&E that they have yet to analyze that will show how long it took these accounts to have their power turned back on.

"Many of these accounts have their power turned back on after 24 hours and we wanted to see if there were disparities in how long people were able to turn their power back on," Parsons said. "I am willing to bet that we will see a similar trend."

The report recommends The City set goals to reduce power shut-offs.

Under state law for community choice aggregations, PG&E is responsible for the billing and shut-offs for the more than 400,000 customers enrolled in The City's CleanPowerSF program, which provides electricity from more renewable sources than PG&E while using PG&E's infrastructure.

The City could do more to outreach to customers or assist them using their CleanPowerSF program, such as with rebates or debt forgiveness, the report suggests.

The report also recommends advocating the California Public Utilities Commission expand prohibitions for shutting off the power to include households with children under 12 months of age.

Another issue identified is the need to simplify customer noticing when a bill goes unpaid. The notification process, the report said, is "quite convoluted and confusing for staff and customers alike, with customers getting a variety of different notices from CleanPowerSF and PG&E separately at different points."

The report also said that the subsidized rate programs like CARE have qualifying income levels that don't reflect the high cost-of-living in San Francisco and that the CPUC should set a different level for San Francisco.

"A basic energy equity question we have to grapple with is: Can people reasonably afford their energy?" Parsons said.

The New Yorker

The Plight of the Urban Planner

For decades, planners have been called evil or obsolete. A housing crisis might offer a chance at redemption.

By Nikil Saval

November 20, 2019

"Capital City," a recent book by the geographer Samuel Stein, argues that the country's affordable-housing dilemma derives from an unholy fusion of development and politics.
Illustration by Roberts Rurans

In 2018, Scott Wiener, a California state senator representing San Francisco, introduced a co-authored bill that detonated a debate over housing. The aim of Senate Bill 827 was to override local regulations on building height in order to allow denser, high-rise construction near transit hubs. At once radical and simple, its target was nothing more, and nothing less, than zoning—the most common American way to control land use. Zoning determines whether a building is commercial or residential, how big it can get, whether it's a single-family home or a high-rise tower. Though zoning is a legislative act, it is sometimes influenced by the efforts of a handful of well-connected people at a neighborhood association, or sometimes by a single, well-connected member of a zoning board. S.B. 827 would have overridden many such rules and made it easier to build. The bill derived its intellectual force from a growing consensus among economists that rising rents and housing prices in California—a state in which the median home price is more than twice the national average, and in which more than twenty per cent of residents spend more than half their income on housing—are due to a dearth of multifamily housing and to the cumulative effect of zoning rules that stopped that housing from being built.

S.B. 827 elicited heated arguments, along with a few bizarre political coalitions. In supporting the bill, housing advocates found themselves allied with wealthy developers. Meanwhile, in opposing it, anti-gentrification activists found themselves allied with rich homeowners from places like Beverly Hills. A portion of the anti-S.B. 827 crowd simply didn't want to change their neighborhood's "character"—often a racialized code word—but many others came from multiracial working-class neighborhoods, and, for them, the bill was essentially a gift to developers, who would take the opportunity to build market-rate housing and augment ongoing gentrification. In the end, the opposition won out—the San Francisco Board of Supervisors and the Los Angeles City Council both voted against endorsing it—and, despite late-breaking attempts to include anti-displacement measures, the bill failed to make it out of committee, losing 6–4. Of the votes in its favor, only two were from Democrats, Wiener and his co-author—further proof that the housing debate involves some strange bedfellows.

S.B. 827 nonetheless has spurred a more substantial conversation about zoning reform, of all things, than any urbanist could have predicted. Unfortunately, much of this conversation has taken place online, meaning that it's resembled people screaming past one another and then shrinking into two opposing crags of congealed vitriol. On one side are the *YIMBY*s—the acronym stands for "Yes, in my back yard"—who believe that prices are too high because of market distortions that limit the amount of housing people actually want and need. For them, the solution is to increase market-rate housing, which, over time, will result in a reduction in prices and rents. Opponents of *YIMBY*s—often called "*NIMBY*s," meaning "Not in my back yard" (as a term of opprobrium, it of course predates *YIMBY*)—have a variety of rejoinders to this argument, but they center on the idea that building market-rate housing will never deliver the amount of housing that people need, at prices they can afford. Furthermore, they argue that the immediate effect of introducing such housing is gentrification and displacement. It is at this point that the argument devolves into accusations that the *YIMBY*s are tools of rich, white real-estate developers, and that the *NIMBY*s are tools of rich, white homeowners, and the space in between these two positions is quickly converted into a muddy field, where no one dares show a white flag.

The particular airlessness of this debate is only partly due to its growth in the complexity-free vacuum of the Internet. The more significant constriction is that it is an argument that takes place almost entirely according to the terms of real-estate development. In a recent book, "Capital City," the geographer Samuel Stein puts this debate into context, and adds to it. He argues that our housing dilemma derives from an unholy fusion of development and politics, which he calls "the real estate state." Stein, a geographer at the City University of New York, tries to establish how industrial cities, in becoming postindustrial, opened the way for real estate to enter the breach. "Landowners have been determining the shape of cities for centuries, and the idea of housing as a commodity—even as a financial asset—is not exactly state of the art," Stein writes. "What is relatively new, however, is the outsized power of real estate interests within the capitalist state." Deriving his insights from left-wing geographers and urban historians, and also from interviews with activists in New York City, he alternates a panoptic view with one that looks more closely, from the ground up, at what reckless development does to lives and livelihoods.

But Stein's special aim is not just to show how real estate controls everything, which, if you were halfway paying attention during the financial crisis—rooted as it was in the predations of housing markets—you already know. His principal point is that the power of the real-estate state flows from the dynamic between development and the profession of city planning. Planners are usually thought of as bureaucrats, though sometimes they take on the aspect of legend: Baron Georges-Eugène Haussmann, who tamed rebellious Paris into wide avenues that couldn't be barricaded; imperious Robert Moses, who pummelled New York with expressways. Stein's planners are at once lesser and greater than these. Though they may look like mousy cubicle denizens—determining the right sort of window treatment for a historic house, or calculating the Area Median Income for a smattering of affordable units in a luxury building—they're more influential than they appear. Planners, he writes, "are tasked with the contradictory goals of inflating real estate values while safeguarding residents' best interests." The position is an inherently uncomfortable one. But planning holds out the promise that the future is, at least in part, knowable. Explicit in Stein's narrative is the idea that a different, more democratic kind of planning might lead us to more democratic kinds of cities.

Like many professions with a broad, metaphorically resonant name, planning has a history that can be dated back centuries. In the Americas, planners domesticated forests, dammed rivers, laid out grids. But city planning as we know it today arose in the late nineteenth century, as a response to the growing chaos of industrial life. At first, the profession was meant to ameliorate conditions of congestion, sanitation, and shoddy construction, especially where they intersected with the lives of workers and the urban poor. Benjamin Marsh, the first secretary of the New York City Committee on Congestion of Population (CCP), was one of the twentieth century's most energetic thinkers on planning. He decried tenements and sweatshops, pushed for government control of factory-owned land, and advocated for a progressive tax on land values to help fund the social needs of workers. Marsh's proposals, like those of many planners, were essentially based on the hope that the rich could be shamed into supporting the poor. This was a gambit that, in time, left planners frustrated and power imbalances intact.

Marsh and figures like him embody what Stein, following the historian Richard Foglesong, describes as a twinned set of contradictions in planning. Developers need planners, but a conflict arises when the former look to the latter for interventions in public space. "They demand that the state build the infrastructure that makes their land usable," Stein writes of developers. At the same time, they are "fiercely protective of their property rights" and suspicious of planning insofar as it threatens their control over land. Planners, in turn, are agents of the public, but they are beholden to developers, in practice. Democratic societies require at least a display of public input, but often only a display: "planners must proceed with enough openness and transparency to maintain public legitimacy, while ensuring that capital retains ultimate control over the processes' parameters." From this comes the charade of public-comment sessions, familiar to most active city dwellers, in which so-called stakeholders are invited to discuss development plans, whose basic outlines they have little chance of influencing.

Similarly, planners who want to assert broad control over the public realm are often dependent on recalcitrant businessmen, who are unlikely to give them the full measure of what they might want to achieve, since planning often involves the creation of public infrastructure that requires business to get out of the way. Much of what does get achieved requires catastrophic, violent interventions in the lives of the very people that planners are trying to help. The land for Central Park, the "green lung" of New York and one of the greatest parks in the world, was secured by expelling Manhattan's largest African-American settlement. The construction of most public housing required the resettlement of thousands of households, often those of working class African-Americans, in the destructive process known as urban renewal. (Urban renewal, James Baldwin said, in an interview, really "means Negro removal.")

Urban renewal accompanied broader convulsions in American cities, during which much industry fled—to barely unionized Southern states and abroad, for cheaper wages—or was deliberately pushed out. Stein follows Robert Fitch's underrated, impassioned book "The Assassination of New York" in detailing how many planners dreamed of replacing the city's industrial areas with office towers, and, in the sixties and seventies, through large-scale changes in zoning, succeeded, transforming the city from blue-collar to white-collar. At the same time, the practice of "redlining," in which the Home Owners' Loan Corporation (*HOLC*), a New Deal agency, marked diverse neighborhoods as being unworthy of credit, and hardened urban segregation and poverty. In the eighties, the United States began to cut public assistance to cities, leaving more and more power in the hands of private developers.

This history sets up Stein's main story, which is about the contemporary high-priced city of gentrification and displacement. Mercifully, his analysis does not mention hipsters, artisanal stationery stores, or CBD lattes. Instead, he discusses how planners have once again played a central role in scaling up gentrification "from a neighborhood phenomenon of renovation and reinvention to a larger process of displacement, demolition and development." A miasma of guilt and misunderstanding surrounds discussions of gentrification. The usual story—of upwardly mobile people moving into depressed areas and displacing existing, less well-off residents in the process—is at least partly true. But, as geographers have pointed out for some time, it also requires disinvestment: neighborhoods decline, in part, because of state neglect, and yuppies rush in where planners fear to tread. This is how the familiar story of places such as SoHo, in lower Manhattan, and Park Slope, in Brooklyn, begins. Those neighborhoods were abandoned by the government before they were occupied by new residents.

Similarly, the past three decades have been characterized by hyper-gentrification, which is a largely legislative phenomenon, the work of planners and policymakers—not simply an ineluctable market signal that is sent when someone opens a vegan doughnut shop. Stein details the number of planning-policy innovations that have made it easier for developers and large nonprofits to avoid paying billions of dollars in taxes. In 1971, the establishment of New York's 421-a tax program gave developers abatements on luxury construction, for anywhere from ten to twenty-five years. (One of the great beneficiaries of 421-a, Stein notes, was Donald Trump, who built Trump Plaza, on the Upper East Side with a thirteen-million-dollar tax break.) In 2016, when the program was set to expire, 421-a cost New York $1.2 billion a year. A recent revision to the law, under Governor Andrew Cuomo, brought the cost to $2.4 billion a year. That's about six hundred million less than the M.T.A. requested from the state to fix the ailing subway system. These are the sorts of numbers that reveal how the real-estate state declares its priorities. As legislators made developers' lives easier, planners became the helpless accomplices of urban inequality.

Jane Jacobs's "The Death and Life of Great American Cities," an indictment of American city planning, appeared in 1961; Robert A. Caro's "The Power Broker," an indictment of an American city planner, appeared in 1974. In the years between their publication—and partly owing to their arguments—planning lost whatever was left of its swashbuckling air, and was increasingly seen as a clumsy, illegitimate, even villainous profession, its members casually carving their utopian visions into the fabric of complex, heterogeneous cities.

When planning lost its revolutionary élan, it also lost its sense of ambition. Many mid-century planners, for all their missteps, tried to engineer a more equal city. As planning lost its power, an impressive variety of inequities crept into policymaking. Zoning emerged as the most important tool of increasingly powerful neighborhood groups that sought to limit racial integration, protect the "character" of existing neighborhoods, and encourage the early stages of gentrification. As the think-tank scholar Richard Rothstein outlined in "The Color of Law," from 2017, zoning has always been exclusionary, especially in keeping black families out of certain neighborhoods. In 1910, Baltimore tried to institute zoning on explicitly racial lines, before the Supreme Court struck down the practice. But zoning on implicitly racial lines has persisted because of Americans' preference for single-family housing over apartment buildings—multifamily housing was associated with poorer renters of color. New York's 1961 zoning law, for example, protected a number of mostly single-family-housing districts in Queens, the Bronx, and South Brooklyn—the archetypal urban villages depicted in shows like "All in the Family" and films like "Saturday Night Fever"—and helped prevent renters of color from joining their mostly white residents.

Contemporary planners, stripped even further of power, have proposed only meager remedies for such inequality. One attempt has been inclusionary zoning, which allows developers to exceed zoning restrictions and receive subsidies if they commit to making a portion of their apartments "affordable" for a certain period of time. In response to New York City's luxury-development boom, Mayor Bill de Blasio made inclusionary zoning mandatory. Even so, the mandate has a number of fatal loopholes, which allow developers to skirt the requirements, and the income threshold still excludes most black and Latinx New Yorkers. Another problem with de Blasio's plan may be its premise. For it to succeed, the plan needs to "marshal a multitude of rich people into places that are already experiencing gentrification," as Stein writes—exactly the sort of effect that activists feared with regard to S.B. 827. Though it would potentially satisfy only three per cent of the need for affordable housing units in New York, it could add a hundred thousand market-rate apartments to the city's neighborhoods.

According to ultra-*YIMBY* reasoning, the addition of these apartments might not be a problem, since housing markets are, like other markets, subject to supply and demand. But, as the author Rick Jacobus recently argued in the magazine *Shelterforce*, the housing market is segmented, better understood "as a set of interrelated submarkets that can move somewhat independently than as a single market." For example, rent for student housing may roughly follow the laws of supply and demand, but, in general, its cost isn't eased by building a lot of housing—what matters is the supply of student housing and the demand from students. By the same token, upzoning that allows for more affordable housing to be built has effects on existing affordable housing. "When planners upzone neighborhoods to allow bigger buildings, rent-stabilized landlords will have every reason to sell their properties to speculative developers, who could then knock down the existing properties and build something bigger and more expensive," Stein writes. The long-term effect of a housing boom may be a housing bust—but, in the meantime, all sorts of pain may be inflicted on existing residents.

There are other reasons to be cautious. Historically, attempts to remedy segregation through the real-estate market have often ended up increasing it. In a groundbreaking new book, "Race for Profit," Keeanga-Yamahtta Taylor, a professor of African-American studies at Princeton, shows how the post-urban renewal-planning regime came to rely heavily on the real-estate industry. New forms of subsidized loans were, in her phrasing, a form of "predatory inclusion," trapping black homeowners in substandard housing, while developers continued to reap dividends. Her analysis covers a specific period in time, and a particular kind of housing market, but its conclusion is general and damning: the American real-estate market was founded on racism and still depends on it. White *NIMBY*s have kept multifamily buildings out of wealthier neighborhoods, in no small part to keep those neighborhoods racially homogeneous, and it is doubtful that real-estate developers can solve this historic inequity.

Though Stein supports efforts that would increase housing construction in wealthy areas, he is clear that these policies need to be part of a broader program. In a recent article for *Jacobin*, he argues that there is a general "overreliance on zoning," which is, in any case, "a tool ill-equipped to confront the private land and property markets." The solution, therefore, "is a popular movement for anticapitalist urban planning and the decommodification of land and housing." In other words, having a market for housing is itself the problem. And a return to large-scale planning is the answer.

Stein is one of a number of voices, some of them newly ensconced in state legislatures, pursuing what he calls "classic methods." One of these methods is rent control. For decades, rent control has served as a case study in what not to do in housing in the U.S., though it remains a normal feature of housing markets in Austria and other countries. But, in the past few years, it has made something of a comeback; Oregon and California both recently passed statewide caps on rent increases.

In classical economics, caps on rent increases were believed to limit the incentives to build new housing. If that were true, one policy solution would be to exempt new construction from controls for a certain period of time. A more significant solution would be for the state to intervene where the market fails—that is, to build public housing. Public housing is another curse word in the American context, though less for the economics of it—there is no more obvious solution to the rise in prices than to take some units permanently off the market—than for its sorry denouement in the country's history. The United States committed to a sweeping expansion in spending for public housing with the landmark Housing Act of 1949, and then proceeded to build fewer units than were promised, and dedicated little to maintenance following building. Many condemned American housing projects for their forbidding scale and design flaws and, even more so, for the racial segregation they created—by the mid-nineties, forty-eight per cent of public-housing residents were black, as opposed to nineteen per cent in the private-rental market. And, since the nineteen-seventies, several measures—including President Richard Nixon's moratorium on public housing, the rise of Section 8 vouchers, and the *HOPE* VI program, under which housing towers were demolished and replaced—have steadily eroded Americans' support for public housing. The result is a country in which millions of eligible people have lost access to subsidized housing, and in which the existing public-housing complexes are suffering from severe infrastructural neglect.

Decades of a housing crisis, accompanied by decades of organizing and activism, have finally led to revaluations of public housing and regional planning. A policy team led by the tenants'-rights activist Tara Raghuveer recently produced a proposal for a "Homes Guarantee"—a marquee plan that proposes the construction of twelve million new, permanently affordable homes as "social housing." Meanwhile, the law professor Mehrsa Baradaran, who has advised Senator Elizabeth Warren, has called for a twenty-first-century Homestead Act, under which a public trust would be tasked with purchasing distressed or abandoned homes in historically redlined areas—a form of direct capital investment with the aim of remedying the racial wealth gap. Both are serious proposals that have the potential to shift power away from developers and toward the people historically excluded from the housing market. To be achieved, both need the backing of enormous social movements. They could also resurrect large-scale planning, conceived on a freshly democratic basis, as a profession of consequence. The planner, after decades of irrelevance, or worse, might yet be a figure of note—and perhaps, in a time of crisis, one of purpose.

East Bay Times

California is approving more housing permits

The increase in multi-family building permits is especially significant

By Emily DeRuy | ederuy@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: November 22, 2019 at 12:40 pm | UPDATED: November 23, 2019 at 4:37 am

After months of limited and in some cases nonexistent growth, California saw a sharp rise in the number of building permits for new homes in September.

According to new figures released this week by the state's Department of Finance, approval of housing permits surged nearly 22 percent from August to September, a more than 41 percent increase from last year.

The numbers may signal some good news for Gov. Gavin Newsom, who promised repeatedly to lead an effort to develop 3.5 million homes in the Golden State by 2025 to tackle a pressing housing crisis. But while the 142,000 total housing units authorized in September is a significant uptick from 116,000 in August, it's just a fraction of what will be needed to meet Newsom's goal.

"It's good news as far as having more housing available for our folks, but I would say that a single uptick is not a trend yet," said David Bini, executive director of the Santa Clara & San Benito Counties Building & Construction Trades Council.

Erik Schoennauer, a land use consultant in the South Bay, is also skeptical.

"I have little optimism that things are going to improve," he said. "I think we will struggle even to get back to historical norms, never mind make up for the deficit we're in."

The growth was driven by a 47 percent increase in permits for multi-family units. Permits for single-family units actually fell by around 2 percent in September. And despite the encouraging numbers in September, the overall average for the first three quarters of 2019 is 111,000 housing units — bogged down by low numbers early in the year — compared to 122,000 for the same timeframe in 2018.

"The trend is toward multifamily for a couple of reasons," Bini said. "We're out of space…and it's a cost factor as well. Multi-family homes are going to be more within reach for the average family relative to a single-family home."

That's especially true in the Bay Area, he added.

“There’s just no room to grow out anymore in this area,” Bini said.

Schoennauer agreed that most developers are looking at multi-family projects in the region. But, he said, he’s concerned that cities aren’t issuing enough permits and that the number of permits in San Jose, where he does a significant amount of work, seems to be trending downward in 2019, not upward.

High construction and land costs, along with city fees and regulations, make getting developments off the ground difficult, he said.

“It’s very hard,” Schoennauer said, “to make projects pencil.”

East Bay Times

Is California’s most controversial new housing production law working?

SB 35 is a boon for affordable housing developers. Others, not so much

By Marisa Kendall | mkendall@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: November 24, 2019 at 6:00 am | UPDATED: November 25, 2019 at 11:24 am

Time was running out for All Souls Episcopal Parish.

The congregation had spent months on its plan to build an apartment building for low-income seniors on its property in Berkeley, but all that work threatened to unravel late last year when a group of neighbors appealed a key zoning approval. With just a month to go until a major funding deadline — and $5 million at stake — the church couldn’t afford to wait out the appeal.

Instead, All Souls invoked a new and controversial state housing law — Senate Bill 35 — that put its project on the fast-track and allowed it to bypass hurdles like zoning appeals. Now the 37-unit project is set to break ground in June.

“Certainly, it made a big difference,” said Phil Brochard, the rector of All Souls. “Would it have been built without SB 35? I like to believe it still would have been built. But it would have been a much longer road. It would have cost the taxpayers, the city, the state and the federal government a lot more money.”

The All Souls project is one of more than 40 around the state that have used SB 35 since the law went into effect in January 2018. The law’s ambitious goal was to ease the state’s chronic housing shortage, but it has sparked an outcry from some local officials upset by the state’s usurping of their control. The law requires most cities to fast-track residential and mixed-use projects that meet certain affordability and other standards.

So far, California city officials have approved or are still considering more than 6,000 homes proposed under the law — including about 4,500 in the Bay Area, according to this news organization’s analysis of anecdotal reports and city and county data.

The majority are subsidized units for low-income renters, including the homeless, seniors and people with disabilities — which advocates say is evidence that the law is protecting the region’s most vulnerable residents. In some cities, officials are approving projects out of fear that if they don’t, they’ll be hit with an SB 35 application that they might like even less, but can’t reject. Other communities are fighting the law, sparking multiple lawsuits.

Sen. Scott Wiener, D-San Francisco, drafted SB 35 to force reluctant cities to approve housing in a climate where residential production hasn't kept up with booming demand. Cities and counties that fail to approve enough housing (95% of California jurisdictions as of June) are subject to the law, which forces them to automatically green-light certain residential and mixed-use projects if they meet a city's zoning and planning rules.

The law also exempts those projects from the California Environmental Quality Act (CEQA) and other obstacles. That means projects that could otherwise spend years in public hearings and fighting CEQA lawsuits now must be approved in 90 to 180 days, depending on their size.

But largely missing from the equation are the types of large mixed-income and mixed-use projects that could make a sizable difference in the state's housing inventory. The vast majority of SB 35 proposals that have been approved or are under review are for fewer than 100 units, and some are as small as two or four units. Just five include office, retail or administrative space. In the Bay Area, nearly half the units in the pipeline are in one project — the massive Vallco mixed-use development in Cupertino, which is caught up in a lawsuit challenging its SB 35 eligibility. The lawsuit has yet to be resolved, and the project is moving forward.

SB 35's strict rules — requiring as much as half of a project be subsidized, low-income housing, and mandating a builder pay workers the local prevailing wage, for instance — aren't worth the added expense for many market-rate developers, said Oakland-based land-use attorney Todd Williams.

"In theory, SB 35 is an interesting and potentially effective tool, but we just haven't seen the impact yet in practice," he said.

A bill signed into law last month — AB 1485 — seeks to change that by expanding SB 35 to include more middle-income projects.

Out of at least 44 projects proposed throughout the state under SB 35, just two have been deemed ineligible for SB 35 status — in Los Altos and Berkeley — and both decisions sparked lawsuits. Twenty-eight have been approved, and the rest are pending. (Cities have between three and six months to point out flaws that would make a project ineligible for SB 35 status). Those numbers come from an analysis of anecdotal reports confirmed by city and county planning departments, but no official, statewide count of SB 35 projects exists — so the numbers could be higher. The California Department of Housing and Community Development is working on compiling a count, but it's unclear when it will be completed.

"I think SB 35 is having the effect intended," Wiener said. "It's streamlining projects. It's shifting the dynamic when cities consider projects. And I think it will accelerate over time. When you have a new tool, it takes a while for developers, for attorneys, for city planners, for city councils to get their head around it and be willing to use it."

But some cities have resisted tooth and nail. Huntington Beach, for example, sued the state in January, claiming SB 35 is unconstitutional.

In San Francisco, co-living startup Starcity used SB 35 when it applied to build a 16-story residential building in the city's SoMa neighborhood.

“We were sick and tired of the lengthy process that’s required to get a meaningful amount of housing supply built,” said CEO and Co-Founder Jon Dishotsky.

After qualifying for fast-track approval under the law, Dishotsky said, his project was exempt from requirements including an environmental impact report, a shadow study, a wind study, a noise study, transportation demand management, and more. An approval process that Dishotsky said could have taken at least four years was cut to six months, and Starcity plans to break ground next year.

But the quick turnaround came with a tradeoff — about 53% of Starcity’s 270-unit project has to be rented at below-market rates to comply with both SB 35 and San Francisco’s separate affordable housing rules.

That’s a tough mandate for a company like Starcity, which unlike most affordable housing developers, doesn’t use public funding to offset the costs of subsidizing below-market housing.

“We’re sort of stuck in this place potentially where you have an amazing concept,” Dishotsky said, “that is in jeopardy of whether or not it can get built.”

Even in cities that have yet to receive a project application under the new law, SB 35 is having a noticeable impact.

“Everyone knows the developer could invoke SB 35 at any time, so that creates a strong incentive for the city to work through any issues and approve the project,” Wiener said.

That’s what happened in South San Francisco earlier this month. As the City Council considered a mixed-use development that would include 800 apartments near the city’s BART station, officials discussed compliance with several new housing laws — including the possibility that if the council rejected this project, the developer would come back with an SB 35 proposal that council members would have to approve, even if they didn’t support it.

Reluctantly, Councilman Mark Addiego pointed out that ignoring those laws would subject the city to enormous financial risk.

“I need to tell the public how demoralizing it is to sit here as your elected leader and understand that the hand is being forced,” he said. “For the most part, when it comes to housing, we are no longer in control of our own destiny.”

The council voted 4-1 to approve the project.

SB 35 is getting housing approved quickly, even if it’s not at the scale supporters would like to see, said Ray Bramson, chief impact officer for the San Jose-based nonprofit Destination: Home.

“I think it is a tremendously valuable tool,” he said. “It’s something that’s going to be slow going at first, but once cities start to adopt processes for how they’re going to accept SB 35 applications, I think we’re going to see a lot more of these coming through.”

East Bay Times

San Jose, other charter cities can't flout state housing law, appellate court finds

San Jose must abide by California Surplus Land Act, panel rules

By Marisa Kendall | mkendall@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: November 27, 2019 at 9:59 am | UPDATED: November 29, 2019 at 9:02 am

San Jose and 120 other charter cities must follow a state law that reserves surplus public land for affordable housing, a California appellate court has found — a ruling that could have broad implications in the ongoing battle between legislators pushing statewide housing fixes and city officials fighting to retain local control.

The Sixth District Court of Appeal found San Jose must abide by the state Surplus Land Act, which dictates that when a California municipality has land it wants to dispose of, it must offer up that property for subsidized housing affordable to low and moderate-income residents. Arguing its status as a charter city exempted San Jose from that state oversight, city officials had been abiding by their own looser version of the rule. But on Tuesday evening, the appellate court determined that will no longer fly.

"We find that the state can require a charter city to prioritize surplus city-owned land for affordable housing development and subject a charter city to restrictions in the manner of disposal of that land, because the shortage of sites available for affordable housing development is a matter of statewide concern," Justice Eugene Premo wrote in a unanimous opinion.

San Jose City Attorney Richard Doyle was out of the office Wednesday and not immediately available to comment.

Tuesday's ruling could have broader implications for other state measures, said some housing law experts. As California's housing crisis becomes a growing concern, the legislature has ramped up efforts to force cities to produce more units. But some local officials oppose the new laws, which they say strip their ability to control what gets built in their city. While Tuesday's decision only applies to the Surplus Land Act, it still provides a roadmap to defend other state housing laws against similar challenges by charter cities, said Oakland-based land-use attorney Todd Williams.

"I think it is helpful in reinforcing the idea that it is proper for the legislature to identify the shortage of housing as an issue of statewide concern," he said, "and to apply protective measures to all cities including charter cities."

Charter cities like San Jose, San Francisco, Oakland and several others in the Bay Area have extra authority to govern their own municipal affairs that cities without a charter do not. According to the California Constitution, laws adopted by charter cities generally trump state laws. That led San Jose officials to argue that their local authority governs the disposition of surplus city land — not the state Surplus Land Act.

As nearly half of California's population lives in a charter city, Tuesday's ruling likely will have far-reaching implications.

The Surplus Land Act requires local agencies to offer land they no longer need to a developer that will turn it into a residential project where 25 percent of the units will be affordable housing for at least 55 years. If no such deal can be reached, the local municipality may list the land on the open market with the condition that if the land is used to build 10 or more homes, at least 15 percent of those units must be affordable.

After the Surplus Land Act was amended in 2014, San Jose adopted its own policy that also reserved excess land for affordable housing, but differed from the state law in several key ways. Among those differences, the San Jose policy allowed the City Council to exempt certain properties from the rules on a case-by-case basis, and allowed developers to list "affordable" for-sale units at higher prices than the state law. In addition, land that would be turned into high-rise rental developments in downtown San Jose was exempt from the affordability requirements for five years.

In 2016, affordable housing nonprofits Urban Habitat Program and Housing California, as well as low-income San Jose residents Sarah Anderson and Joana Cruz, sued the city in Santa Clara County Superior Court, claiming the policy flouted state law and would result in a reduction of available affordable housing. The judge sided with the city. The nonprofits, Anderson and Cruz appealed.

The League of California Cities weighed in on the appellate case, arguing for local control.

"The League does not dispute that affordable housing is an important concern," the league wrote in a brief filed with the court. "But that does not justify denying the City its constitutional home rule authority regarding how that concern should be addressed in connection with the City's sale of its own surplus property."

On Tuesday, the appellate court overturned the lower court's ruling. The justices found that because the shortage of affordable housing impacts the entire state, the California law trumps San Jose's policy.

Dylan Casey, executive director of the California Renters Legal Advocacy and Education Fund (CaRLA), which filed a similar lawsuit against the city of San Mateo last year, called Tuesday's ruling "a really big deal."

After the San Mateo City Council denied a developer's proposal to build 10 homes on W. Santa Inez Avenue, CaRLA sued, claiming the city had to approve the project under the state Housing

Accountability Act. Earlier this month, a San Mateo County Superior Court judge sided with the city, ruling because San Mateo is a charter city, it has the authority to approve or deny the housing project — and the state act is unenforceable.

Casey and his team have requested a new trial. If the request is denied, they will consider appealing the original ruling. Tuesday's opinion could help sway them toward appealing, Casey said.

"The ruling really supports our position about the HAA, I think," he said, "and supports the idea that housing is very clearly a matter of statewide concern."

Marisa Kendall covers housing for the Bay Area News Group, focusing on the impact local companies have on housing availability in the region. She's also written about technology startups and venture capital for BANG, and covered courts for The Recorder in San Francisco. She started her career as a crime reporter for The News-Press in Southwest Florida.

East Bay Times

Judge rules developer’s initiative for 1,000-plus homes in Antioch is invalid

Judge said agreement could not be severed from initiative, invalidating the entire document

Judge rules developer’s initiative for 1,000-plus homes in Antioch is invalid
By Judith Prieve | jprieve@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: November 27, 2019 at 3:34 pm | UPDATED: December 2, 2019 at 10:22 am

A judge has invalidated a developer-backed ballot initiative that would have allowed Richland Communities to build more than a thousand homes in southern Antioch’s Sand Creek Focus Area.

In the 23-page ruling, Contra Costa Superior Court Judge Edward G. Weil stated last week that “the entire Richland Initiative is invalid” because a development agreement he earlier had determined was illegal could not be severed from it.

The ruling stemmed from lawsuits that developers Oak Hill Partners and Zeka Ranch filed against the city of Antioch and Richland Communities. The plaintiffs alleged that they were restricted from doing any large-scale development when the city adopted Richland’s West Sand Creek Open Space Protection initiative in July 2018.

Richland Communities did not return calls for comment.

Zeka Ranch's president hailed the court ruling.

"We are grateful for the court's ruling, as we have been discussing the development of our Antioch property with the city for decades," Louisa Z. Kao, president of the Zeka Group, wrote in an email. "This ruling clears a path for Zeka Group to move forward with our balanced, environmentally sensitive development that will provide badly needed housing for Antioch as envisioned by the General Plan and twice approved by the voters."

Judge Weil ruled in August that a development agreement embedded in the initiative is invalid.

Andrew A. Bassak, who represents Zeka Ranch, said that until a recent court of appeal case, voter initiatives with embedded development agreements were "a common way for developers to obtain project approvals with fewer regulatory hurdles."

In his final ruling, Weil considered whether the initiative would have been adopted without the development agreement, which included a slew of community benefits such as $1.2 million for Deer Valley High School facility improvements, fees for police services, land for a new fire station and an East Bay Regional Park District trailhead.

The judge found that there was no guarantee that a different developer would agree to the same community benefits or devote as much of its land to open space and parks.

"The totality of the evidence persuades the court that the Richland Initiative was a package deal, with the city agreeing to certain General Plan and municipal code amendments in exchange for the benefits specified in the development agreement, and the City Council would not have adopted the Richland initiative if they would have known the development agreement would have to be severed," Weil wrote.

Earlier, Kao had criticized Richland Communities, a backer of the West Sand Creek Open Space Protection initiative, for "putting a green belt out to the west to make it impossible to develop" while allowing its 1,177-home community, dubbed The Ranch, to move forward. Zeka had planned — though it didn't complete an application — to build 340 executive-style homes on its 640-acre Zeka Ranch property on Old Empire Mine Road at the west end of the Sand Creek Focus Area.

The West Sand Creek Open Space Protection initiative would have zoned 1,244 acres west of Deer Valley Road as rural residential, agriculture and open space, with the remaining land — approximately 608 acres — available for construction, allowing only limited development for Oak Hill, which owns some 419 acres in the area.

Another related voter initiative, dubbed Let Antioch Voters Decide, would have permitted only rural high-acreage development in the Sand Creek Focus Area. It would have designated 1,850 acres west of Deer Valley Road as rural-residential, agricultural and open space and required voter approval for more intensive development.

But in August, the same court ruled the Let Antioch Voters Decide initiative was invalid because the City Council did not have the authority to adopt it. Rather, the judge said the city must put the voter initiative on the 2020 ballot.

Derek Cole, who represents the city, said it has appealed the ruling.

“The city’s position is that the City Council lawfully approved the Let Voters Decide initiative,” he said, while noting it is still evaluating whether to appeal the latest ruling on the other West Sand Creek initiative.

“The city’s position is that the two initiatives can co-exist,” Cole said.

Los Angeles Times

California should take over PG&E and possibly other utilities, former top regulator says

By James Rainey, Joseph Serna
Dec. 2, 2019

Following a string of utility-sparked wildfires that have killed scores of Californians and destroyed billions in property, the former top regulator of California's electric grid says it's time for sweeping change — a public takeover of Pacific Gas & Electric and possibly other private utilities, which would be transformed into a state power company.

Loretta M. Lynch, former president of the California Public Utilities Commission, said she was fed up with a system that failed to hold giant investor-owned utilities accountable for massive wildfires and sprawling blackouts.

"I think the only way to effectively protect all California families and businesses is to create a statewide power company that is state owned," Lynch said in an interview.

That stance is a step beyond what many public officials, including Gov. Gavin Newsom, have been willing to publicly consider. Newsom has threatened a public takeover of PG&E, the state's largest utility, if the company doesn't quickly emerge from bankruptcy with a plan more focused on safety and reliability. He has stopped short of discussing a unified public power authority, though he has appointed a team of energy advisors to review all options.

Lynch said a public takeover of PG&E was a good place to start wresting power delivery from private hands. She said her five-year tenure at the utilities commission and intensive academic study had persuaded her that "public power is generally cheaper, safer, cleaner — with some exceptions — and more reliable."

The state has the legal power, and leverage, to take over PG&E, Lynch said, particularly given the utility's bankruptcy filing earlier this year and the behemoth's obligation to follow the directives of a federal judge after its criminal conviction in a 2010 gas line explosion that killed eight in San Bruno, Calif. "The only thing that's lacking now," Lynch said of a takeover, "is the political will to do it."

Public officials including Democratic state Sens. Jerry Hill of San Mateo and Scott Wiener of San Francisco have been talking about a public takeover of PG&E, a move supported by other lawmakers, such as U.S. Rep. Ro Khanna (D-Fremont.)

But there has not been a significant public discussion of shifting the rest of the statewide grid into public hands, in part because of the hurdles and costs involved. Those became apparent when PG&E last month rejected a $2.5-billion offer from the city of San Francisco to buy the utility's power operations. PG&E Chief Executive Bill Johnson said the offer undervalued assets in the city and would not serve the company's customers.

Lynch said she would "reserve for the future" the question of whether a state-run utility should be expanded beyond Central and Northern California, where PG&E serves 16 million people.

Her remarks come nearly 15 years after she left the Public Utilities Commission, following five years in which she infuriated industry giants such as PG&E and Southern California Edison with her positions during California's energy crisis. She also alienated the man who appointed her to her post, Gov. Gray Davis, while consumer advocates praised her as a maverick willing to buck powerful interests.

Since leaving the commission in 2005, the Yale-educated lawyer has seldom relented in her call for greater scrutiny of the investor-owned utilities. Her incredulity has peaked in recent weeks, given what she sees as the electric companies' inadequate wildfire mitigation plans and PG&E's attempts to use its bankruptcy to "evade its responsibilities" for the fire disasters and the fragility of its electrical system.

"The utilities, not surprisingly, cut corners because they can make a better profit if they plow the money that the ratepayers give them into the latest shiny toy — like smart meters," Lynch said, referring to the digital devices that measure electrical usage. "That's what the regulators care about, instead of boring old imperatives like making their systems safe.

"So, very sadly, throughout California, the utilities ran the hell out of their systems and did not properly maintain them."

PG&E spokeswoman Jennifer Robison rebutted the notion that the company was shirking its duty to compensate fire victims and strengthen its operations. She said the utility was "focused on fairly compensating wildfire victims, protecting customer rates, and putting PG&E on a path to be the energy company our customers expect and deserve."

Most of the large and deadly wildfires that have hit California in recent years have been linked to the electrical grid. Fire investigators tied PG&E equipment to 17 of 18 blazes that scorched the wine country and other parts of Northern California in 2017. In 2018, a transmission line operated by PG&E sparked the Camp fire, killing 85 people and burning more than 14,000 homes.

In Southern California, Edison has acknowledged that its equipment will probably be found to be "associated" with the 2018 Woolsey fire, which destroyed more than 1,500 structures and killed three people in Los Angeles and Ventura counties. It also conceded a likely connection to the mammoth Thomas fire, which burned more than 1,000 structures and killed a firefighter.

Confidence in the safety of the grid had fallen so low by October that PG&E cut power to 730,000 customers across 34 counties, stretching from Humboldt County in the north to Kern County in the south. Another intentional outage left nearly 3 million people in the dark. Southern California Edison has warned it might cut electricity to hundreds of thousands of customers, though its largest blackout, in late October, hit some 30,000 homes and businesses.

The fires and blackouts come at a time when individuals and cities are looking for alternatives to big power companies whose mission is to earn maximum returns for their shareholders. Some customers seeking increased reliability and a smaller carbon footprint have been fleeing from the electric utilities to "community choice aggregators," or CCAs. Started by local governments, the providers served 2.6 million homes and businesses last year, with an additional 1 million added earlier this year by just one CCA, Clean Power Alliance.

Radical new approaches also have been floated by local officials, including more than 20 mayors who, following the lead of San Jose Mayor Sam Liccardo, signed on to a plan to turn PG&E into a massive public cooperative. They want to duplicate the model of utility cooperatives that provide electricity in much of rural America.

Lynch, who serves on the board of San Diego-based Protect Our Communities, a consumer group, deems the mayors' initiative serious and well-meaning.

"But it's just a fact that it's cheaper and easier to serve a densely populated urban area that's not mountainous and that isn't in the desert," she said. "I'm concerned about other communities and other parts of the state. If you have a Swiss-cheese system — where people in the chosen cities get cheaper, cleaner and safer power — where does that leave everyone else?"

That's the kind of question that Newsom's new energy advisors are supposed to answer.

Short of a public takeover, Lynch is urging the Public Utilities Commission to become much more aggressive with investor-owned utilities, saying they would be more candid if the commission more often required them to make their presentations under oath, in full evidentiary hearings. She is not the first to question the utilities' credibility.

Federal Judge William Alsup of San Francisco, who is overseeing PG&E's criminal probation, has written about his need to "protect the public from further wrongs" by PG&E and "deter similar wrongs from other utilities." The judge cited "PG&E's history of falsification of inspection reports."

PG&E responded, in part: "We share the court's focus on safety."

Lynch pegs the PUC's change to a less aggressive stance to Michael Peevey, the former Southern California Edison chief executive whom Gov. Davis named to replace her as head of the commission.

"He truly believed that the utility knew best how to run its business. And the job of the regulator was to stay out of the way," said Lynch, who taught at the Goldman School for Public Policy and was an executive fellow at UC Berkeley. "As a consequence of that philosophy ... the regulated ran the regulator. Here we are with the result of that, which is a broken-down, unsafe system."

Peevey responded that Lynch's attack on his record smacked of "sour grapes" and that he stood by his record, serving under Davis and Govs. Arnold Schwarzenegger and Jerry Brown. "I was the greatest commissioner that California's ever had at the PUC." He added, with a laugh: "For good or bad."

"I believe that the job of leadership is to get the most out of the parties that are being regulated," Peevey said, "in a cooperative fashion when you can, and if not, then you have to force them."

The exchange is just the latest salvo in a long-running fusillade between the two, 15 years after Lynch left the commission and five years after Peevey stepped down. The state electricity crisis, in which California struggled to obtain enough power at the start of the new millennium, clouded her legacy. His tenure ended amid calls for his ouster, with some accusing him of overly cozy relations with the utilities.

Protect Our Communities, the San Diego-based group that Lynch has helped run, has demanded in PUC filings that the utilities provide more details about how they are going to prevent their lines and equipment from starting wildfires. The group insists that utilities' wildfire mitigation plans need to offer more proof of the effectiveness of fixes such as replacing wooden poles with steel ones, lightening loads on power lines and replacing fuses.

Bill Powers, a mechanical engineer and Protect Our Communities board member, said utilities hadn't focused enough attention on another upgrade — putting more separation between overhead power lines. In a phenomenon known as "line slap," Southern California Edison wires collided in high winds in late 2017, the apparent cause of the deadly Thomas fire.

"They don't even measure which mitigations actually work," Powers said.

A spokesman at the Public Utilities Commission said new President Marybel Batjer, a Newsom appointee, has made clear she will get the utilities to focus more on safe performance and reducing planned shutoffs.

Lynch said she was hopeful Batjer would get results. But, for now, she continues to detail her concerns, such as the fact that PG&E and SDG&E listed "operations" and "inspections" among the activities that would "harden" their facilities against wildfires. "Operations and inspections aren't hardening," Lynch said. "It's operations and inspections."

PG&E responded that it was working with the PUC "to continuously improve our plan and help reduce the state's wildfire risk." SDG&E spokeswoman Allison Torres called safety its "highest priority" and defended equipment inspections as required by the PUC and "vital to having a full assessment of our power grid."

Lynch, not easily appeased, said: "They're not just vague, the plans they filed, they are bull."

Cronkite News/Arizona PBS

California schools must eliminate lead in water, but what about nearby homes?

By Austin Grad, Cronkite News | Tuesday, Dec. 3, 2019

LOS ANGELES – California authorities are addressing the problem of lead in drinking water at public schools through a statewide program to test pipes and upgrade plumbing, but experts warn the threat goes well beyond schools – and nearby homes and businesses may unknowingly be affected.

"The same water systems tainted by lead that feed into these schools most likely feed into other buildings in the area as well," said Felicia Federico, a UCLA researcher who heads the California Center for Sustainable Communities.

The group recently released a report about the sustainability of water in Los Angeles County. The report said about 12% of Los Angeles' population turned to drinking bottled water because of perceptions that tap water is unsafe.

In October 2017, California passed a law requiring all K-12 schools built before 2010 to test for lead in their drinking water by July 1, 2019. If drinking water had more than 15 parts per billion of lead, schools were required to shut off all fountains or faucets until they could be replaced. Nearly 20% of California schools had at least one water fixture that dispensed water containing more lead than is allowed, according to the Environmental Working Group, a nonprofit dedicated to protecting human health and the environment.

Arizona schools underwent similar testing last year in response to water quality concerns. Arizona Department of Environmental Quality officials collected more than 16,000 samples from 1,427 schools and worked with "public school districts to replace the small number of fixtures with confirmed elevated lead levels."

Affected schools in both states took immediate action to resolve the issue, but even after contaminated water is found in schools, neither California nor Arizona require adjacent businesses, homes and day care centers to test for unsafe drinking water.

Lead exposure puts children at higher risk of mental and physical developmental disability. Children who consume lead also are more likely to develop behavioral problems, learning problems, lower IQ and hyperactivity, slowed growth and anemia.

CALPIRG, an independent public interest group, has developed informational materials to guide consumers through lead testing processes in schools and homes.

“They typically share the same community water systems as these schools,” said Greg Pierce, a UCLA researcher and associate director of research at the Luskin Center for Innovation, “but there’s no required testing for these privately owned places, which may result in many people not knowing that the water they are using for showers, cooking and drinking purposes, may have lead contamination.”

Researchers at UCLA have issued a 100-plus page environmental report card on water in Los Angeles County. The report discussed eight categories, including the quality of the county’s drinking water, which received a B+ – although the grade was characterized as incomplete.

“The county does not have enough accessible and updated information for us to do a complete evaluation on the quality of drinking water,” UCLA’s Federico said. “Other categories, such as pipe infrastructure, groundwater and surface water quality, also have a major part in contributing to contamination of our water with contaminants such as lead.”

Lead can get into water systems through old pipes, paint or aging fixtures that allow shavings of the element to get into water, Federico said. Areas where homes and infrastructure are outdated – often where low-income communities live and work – often are most in need of upgrades.

Researchers have found that in such areas, residents have much less trust in the safety of their tap water, although it isn’t clear whether the feared contaminate always is lead. In a Water Consumption Survey published earlier this year, out of 1,171 participants in Los Angeles County, 58% said they drink bottled water every day, with perceived health threats being a driving factor.

“A common issue is that people have water coming into their homes and businesses that have a weird smell, color and taste,” said Cassandra Rauser, director of Sustainable LA Grand Challenge. “These are considered secondary contaminants.”

Although such contaminants can result in tap water avoidance, the problems that can’t be seen, smelled or tasted may cause more harm.

“Primary contaminants, such as lead, are the ones that can actually harm you, but is impossible to detect from looking at the clear water,” Rauser said.

When potable water is not considered safe, residents are forced to spend additional money for clean water. They also have a higher tendency to buy beverages that aren’t as healthful as water.

“With the lack of trust in their water,” Pierce said, “these lower-income residents and areas are now having to rely on water stores, or having to buy drinks such as juice or soda because they believe there are issues with their water.”

The lack of regulation means that buildings are not well-maintained when it comes to water quality, Pierce said.

“Unless the resident wants to go out and buy a testing kit themselves to manually test the water coming out of their faucets, or hire a plumber to test the pipes,” Pierce said.

California does not have a plan to address the problem of lead in drinking water in non-school buildings. But there’s now a common goal in place for Los Angeles County and the California Center for Sustainable Communities.

“The goal is that by 2050, the county is aiming to have drinking water that is 100 percent free of primary contaminants that can lead to health issues down the road,” Federico said. The state feels that everyone, not only children, should have access to clean drinking water.”

Lead, a poisonous metal found naturally in Earth’s crust, is widespread due to human activity and manufacturing processes. Although children are the most susceptible to health problems, the element is linked to numerous issues for adults as well, including high blood pressure, joint and muscle pain, difficulties with memory or concentration, and mood disorders.

“People are legitimately scared about long-term health concerns that are caused by lead,” said Laura Deehan, public health advocate for CALPIRG.

Thousands of areas across the U.S. have been affected by lead poisoning, and drinking water is only one pathway for lead exposure. Any place with older buildings and aging pipe infrastructure is at risk of having this toxic element in the water.

This story is part of Elemental: Covering Sustainability, a multimedia collaboration between Cronkite News, Arizona PBS, KJZZ, KPCC, Rocky Mountain PBS and PBS SoCal.