June 10, 2020
Agenda Item 18c

East Bay Times

City is in talks for another short-term loan to avoid bankruptcy; City Council is expected make decisions Tuesday.

By Jon Kawamoto | jkawamoto@bayareanewsgroup.com | Bay Area News Group
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EL CERRITO — The city is forecasting a deficit of $3.7 million this year because of the coronavirus pandemic and “it is absolutely necessary” for El Cerrito to get another short-term loan to avoid bankruptcy, according to a staff report.

Even with the short-term loan, the city must slash $4 million from its budget “for continuing fiscal stability,” El Cerrito City Manager Karen Pinkos said in a new report to be presented at Tuesday’s El Cerrito City Council remote meeting. The council is expected to make a number of budget decisions Tuesday to try to avoid insolvency and filing for Chapter 7 bankruptcy.

“The effect of COVID-19 on city finances has been unprecedented and sudden,” Pinkos said. “It may linger for years to come, unless decisive action is taken within the next few months.”

Before the pandemic, Pinkos proposed cuts in city staff, programs and services totaling $2 million. But the fallout from the shelter-in-place order has added to the city’s urgency to act immediately to deal with its fiscal problems.

Pinkos’ initial $2 million in cuts was in reaction to the city being singled out by California State Auditor Elaine Howle for financial distress — El Cerrito ranked No. 7 on the list of the state’s cities in trouble financially. The State Auditor’s Office intends to audit the city’s finances sometime this year.

In her Jan. 13 letter to the Legislature requesting an audit of El Cerrito, Howle said the city had “inadequate general fund reserves, cash flow and liquidity challenges, and escalating pension costs” and had “not developed a long-term approach to improve its financial condition and has not addressed its increasing pension costs.”

Before the pandemic hit, the general fund budget was expected to end up with $544,000 at the end of the current 2019-20 fiscal year, Pinkos said in the new report, which updates the city’s third-quarter general fund budget and the impacts of COVID-19.

But as a result of the shelter-in-place business closures and revenue loss tied to falling commercial and consumer spending, she said the city will end the fiscal year with a deficit of at least $2.3 million. The city’s balance sheet projects a deficit of $3.7 million as of March 31, 2020, according to Pinkos.

Revenues are expected to fall $3.8 million in the fourth quarter of the 2019-20 fiscal year, the new report by Pinkos said.

Sales tax revenues are anticipated to decline $1.1 million in the fourth quarter. “Staff expects that there will be immediate cash flow impacts, beginning in May through July and is preparing for a 50 percent drop in sales tax cash receipts,” Pinkos said.

In addition, the city faces a deficit of up to $7 million for the next fiscal year in 2020-21 — and that deficit could go as high as $10 million through fiscal year 2022, according to a consultant hired by the city.

At the April 7 City Council meeting, Pinkos mentioned the following proposed actions: furloughing 90 part-time employees; cuts to police, including a school resource officer; a reduction in benefits for management staff, including car allowances; a freeze on hiring, travel and training; eliminating vacant positions; negotiating with unions over contracts, including no raises and cuts in health and retirement benefits; and not holding major city events — such as the July Fourth parade, which the council canceled April 7.

Pinkos also proposed reducing library hours. The city funds the library $129,000 each year to supplement library hours, for a total of 50 hours, seven days a week. The cuts would reduce when the library is open to 35 hours, five days a week, which the county covers the cost of.

In a letter, El Cerrito Mayor Greg Lyman is urging U.S. Rep. Mark DeSaulnier to support federal emergency funding for libraries in any upcoming coronavirus relief packages.

“I urge you to continue the important investment in our community that is the funding of adequate hours for our library,” Al Miller, president of the El Cerrito Library Foundation, wrote in a letter submitted to the council. “It is one of the most important, most rewarding and most effective use of city funds.”

El Cerrito, which has a population of about 25,000 residents, has a current budget of about $40.5 million for 2020-21.

Pinkos said the city is negotiating with a bank for a short-term loan. Last July, the city borrowed $9 million from Westamerica Bank for a one-year loan.

Sonoma West Times & News

Palm Drive dissolution delay

- By Laura Hagar Rush, Sonoma West Editor, laura@sonomawest.com

- Apr 29, 2020 Updated Apr 30, 2020

THE LONG GOODBYE - Dissolution is inevitable now. It's just a matter of when and how and how much it's going to cost.

At the April 6 board meeting of the Palm Drive Health Care District (PDHCD), attorney Bill Adams warned the board and a fractious, virtual community of board watchers that the health care district wouldn't be able to meet the three-month dissolution deadline that it had outlined at its meeting in March.

Adams said that on March 17 — the day the county's shelter-in-place order went into effect — Sonoma County's Auditor-Controller-Treasurer-Tax Collector Erick Roeser wrote an email to both Adams and PDHCD Director Alanna Brogan saying that, in light of the epidemic, the county was going to be unable to convene the work group that was scheduled to take over the business of the troubled health care district until fall.

"It pushes the dissolution timeline back approximately three months," Adams said.

"I want to reconfirm that this is something the county said they have to do," Brogan said, "This is not our choice."

Ready, set, wait

The dissolution of the district has been a long-sought goal of district opponents, who this year took matters into their own hands and began circulating a petition to dissolve the district.

When the signatures began to add up, the district board responded by deciding to dissolve itself.

At first, it seemed a bit like a race — each side competing to see which would be the first to deliver their paperwork to LAFCO, the Local Agency Formation Commission which oversees the births and deaths of special taxation districts like a health district.

Then came the COVID-19 epidemic, and now both parties — like the rest of the world — seem frozen in aspic.

Jim Horn, one of the founders of the petition drive, said that the petition has more than 1,600 signatures — they need 2,400 signatures to force the dissolution — — but that signature gathering has slowed to a crawl since the shelter-in-place order went into effect.

For their part, representatives of the health district said they can't hand off the ball to the county until there's somebody on that end who's willing to catch it.

A ball made of money — and debt

Now that the health district has sold the hospital, it basically does two things — collects around $3 million in parcel taxes from west county residents and uses most of that to pay off the district's $28 million debt. With the money left over after debt payments, the district pays its staff (Brogan and her admin), its lawyers, and gives health care grants to various local nonprofits.

Just this month, Palm Drive Health Care District through its Gravenstein Health Action Chapter gave the city of Sebastopol $2,000 for face masks to help the city enforce the county health order about wearing masks in public places. It also gave West County Community Services two grants: $3,100 to provide lunches for the homeless in Sebastopol over the next month or two and $3,100 to help at-risk mothers of newborns with essentials like bottles, breast-feeding supplies and diapers.

It's not that opponents of the district oppose the good work these grants support — one of the founders of the petition drive to dissolve the district, Alan Murakami, called them "laudable." It's just that Murakami and company don't think that the money from the Measure W parcel tax, which was meant to support the hospital, should be used to fund random health-related projects.

In addition, Horn said, "The people are leading this effort for the district, the executive director and the legal staff, are basically getting paid each more than $10,000 a month, as long as the district goes on."

"I think they're trying to convince the county that this is a terribly complicated thing and so the county's trying to delay things as well. I don't really think the county has that option. I think this resolves; the county takes over. Period."

Mark Bramfitt, the director of LAFCO, agrees.

"My perspective is they (the district) don't need very much for an application (to dissolve)" he said. "While it's worthwhile to figure out how they transition everything, at the end of the day, everything gets transitioned to the county. So while I applaud them for doing that work in advance, I don't think all of that work is necessary in order to file an application for dissolution and to move that along."

An elective operation

The other problem with pushing out the date for dissolution by three months is that three seats on the Palm Drive District Board — belonging to Eira Klich-Heartt, Gail Thomas and Randy Coffman — are up for election in November of this year. Although, the new timeline shows the district dissolving just a few days before that election, there's no guarantee that the district and the county will be able to meet that deadline.

What this means is that these three candidates are looking at filing deadlines and filing fees, due in August, for positions that may or may not exist by November. Even worse, the district seems to be considering paying for an election for candidates who will serve just a few days if that.

Horn, a former board member, said none of this is necessary.

"The current board members terms extend into December," Horn said. "And I believe it says in the bylaws that the directors serve until their replacements are seated. If there's no election then there's no replacements, so they would serve until the district was dissolved."

Horn is correct about the PDHCD bylaws. Article III, Section 2 reads as follows 'The term of office of each elected board member shall be four (4) years or until the board member's successor is elected and has qualified, except as otherwise provided by law in the event of a vacancy.'"

At this point, the Palm Drive Health Care District board is still discussing, not merely the pace of dissolution, but the necessity of spending potentially thousands of taxpayer dollars on the November election.

John Muir Land Trust's Linus Eukel keeps the music of conservation going

The executive director of the John Muir Land Trust traded a music career for land conservation, but he still performs with passion.

MARTINEZ, CA – APRIL 17: John Muir Land Trust executive director Linus Eukel is photographed at Fernandez Ranch in Martinez, Calif., on Friday, April 17, 2020. (Jose Carlos Fajardo/Bay Area News Group)

By Joan Morris | jmorris@bayareanewsgroup.com | Bay Area News Group
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For Linus Eukel, the move from opera singer to executive director of the John Muir Land Trust was a natural and logical one, even if it leaves everyone else shaking their heads in puzzlement.

Both careers involve focus, passion and a single-minded purpose bordering on the obsessive.

"With music," says Eukel, who has headed the Martinez-based John Muir Land Trust for the past 15 years, "you've got to be ready to do your best work at all times, any time you're called on. It's a self-involved sort of pursuit. So is the protection of nature, to follow in the footsteps of passionate people who have done so for many years."

The 30-year-old land trust describes itself as serving "the human and non-human residents" of Alameda and Contra Costa counties "by conserving land that supports the health and well-being of all."

The organization began around a kitchen table when a group of concerned neighbors came together to look for ways to preserve open space, protect it from development and make it available for everyone to enjoy forever.

The founders of the land trust used the East Bay Park District as a model, and drew inspiration from a former Martinez resident: naturalist and Sierra Club founder John Muir, who led millions to appreciate not only the beauty in nature, but the importance of protecting natural resources and wildlife.

The trust's first save was the Stonehurst property, 150 acres of pastoral land in Alhambra Valley that had been approved for development. The next project was to get rights to Mount Wanda, named for Muir's daughter, and its surrounding 325 acres, which were added to the John Muir National Historic Site.

More recent wins include West Hills Farm in 2015, Carr Ranch in 2016 and the soon-to-open Almond Ranch.

Eukel, 63, was born in Walnut Creek, but his music career took him across the country, performing with various opera companies. In 2005, he and his wife moved back to the Bay Area, deciding it was time to settle down and start their own family. Eukel ended up working for the land trust doing outreach, but soon found himself promoted to acting executive director when the trust's leader took a leave of absence.

The door was left open for her return, but when she decided to turn her interests elsewhere, Eukel was given the job.

We talked to Eukel about land preservation and legacies.

Q: Why is an organization such as the John Muir Land Trust so important?

A: From our perspective, the connection to nature is important to all of us. We serve as a vehicle, an instrument for all those passionate people who work so hard to preserve those lands in perpetuity.

That connection to nature and wildlife is easy to take for granted. We forget to appreciate what we have. But think about it. This area is growing and in the future, we're going to add a population something the size of San Francisco to Contra Costa and Alameda counties. With all those people, we're going to need more housing, more jobs, more transportation.

We need to protect the open space and ensure that we have nature nearby that is easily accessible. It's tremendously important for our well-being, but also to ensure clean air and clean water. Without natural resources, the system breaks down.

Q: Why are you so passionate about conservation and preservation?

A: I came from a background of pursuit — pursuing goals at the expense of everything else.

I think, in looking back, that I've sometimes lacked composure and life balance. But when I look at all the work that has gone on before us, and all that will go on ahead of us, it's easy to get wrapped up in that passion and drive.

Q: What will the trust's legacy look like?

A: That legacy is an investment that is paying off now and it will pay off in the future. The trust made sure people have to a place to go to be in nature. It's especially important now, with the shelter-in-place, and people can use that space as long as they experience it correctly and safely.

We have a lot of new users. People are calling and asking if they can take a walk. That's right now, but it's going to be that way forever. The trust has made sure those natural resources don't get used up. And we'll keep doing that until all the open space is preserved and we don't have any more to save.

Q: What do you want your legacy to be?

A: I don't really think about my own legacy. The work should speak for itself. I feel a part of the continuity of time. Look at what others have done, what John Muir did 100 years ago. It's our turn to do (that) for the next generation.

Every generation is part of the land trust, and they accept the baton and carry on. If anything, I feel a legacy of gratitude. We're paying it back and paying it forward. It's a cycle of perpetuity that makes me feel kind of small.

I think as long as the work is accomplished and it progresses, the best thing people could remember about me is that I didn't drop the ball. I'm much more concerned that I be remembered as a good husband, a good father and a good citizen.

Linus Eukel Profile

Position: Executive director, John Muir Land Trust

Work history: 15 years with the land trust; preceded by an opera career performing with, among others, the San Francisco Opera, Cincinnati Opera, New York Symphony and the Cabrillo Festival.

Age: 63
Residence: Moraga
Education: UC Berkeley; graduate school at the University of New York
Family: Married to Stephanie, with one daughter, Olivia

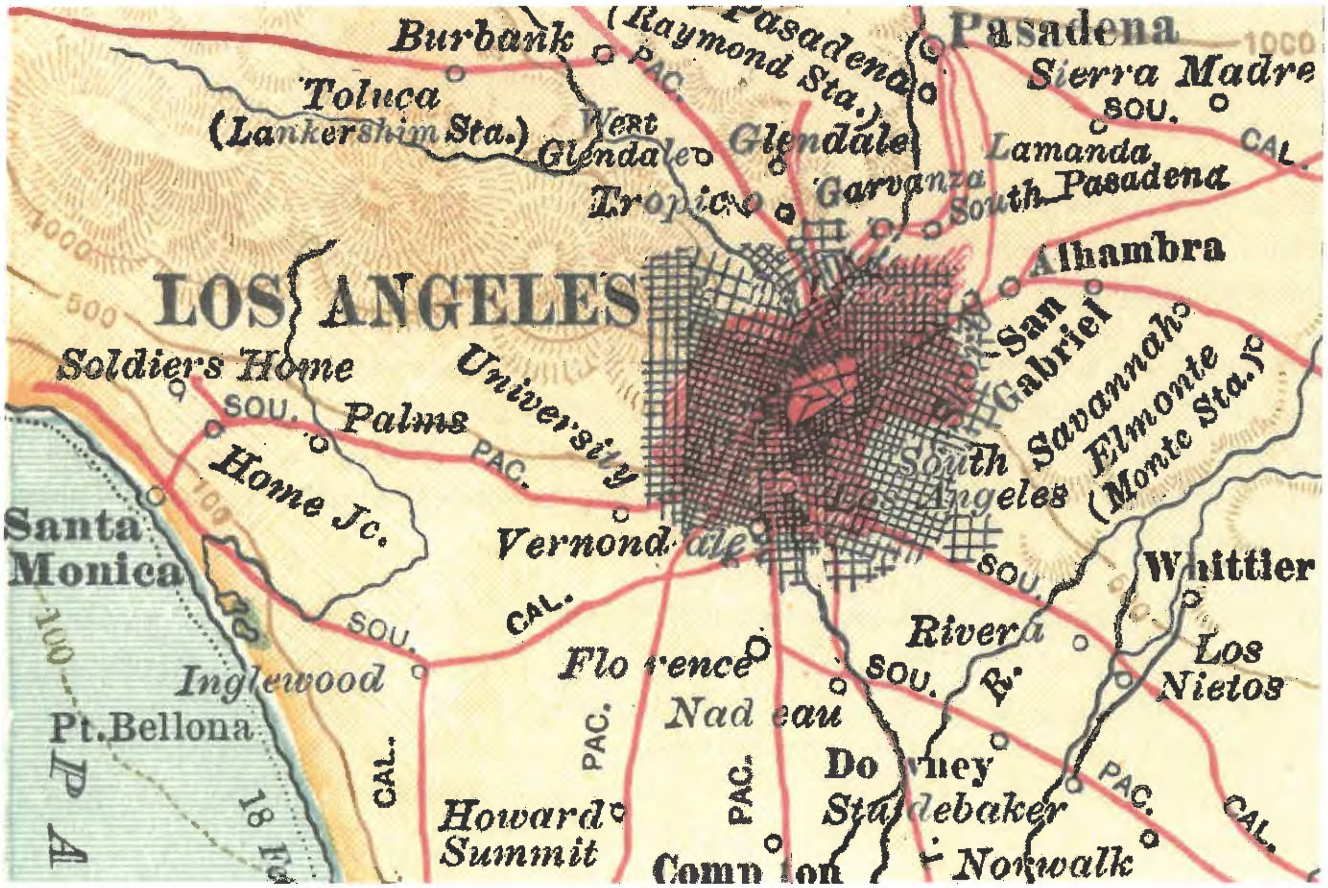
Five things about Linus Eukel

1. He and his daughter were both born at Kaiser Walnut Creek
2. Was greatly influenced by his parents' insistence that we all be good citizens
3. Met his future wife when they both were cast in a production of the operetta "The Student Prince;" the love scenes sealed the deal
4. Sings tenor
5. Doesn't run, jog or mountain bike, but instead enjoys long, leisurely walks in nature, taking time to enjoy the views

Why California's Weakest Local Governments Should Not Survive COVID-19

zocalopublicsquare.org/2020/05/05/joe-mathews-local-government-school-boards/ideas/connecting-california/

May 5, 2020



Map of Los Angeles, California, circa 1900, from the 10th edition of Encyclopaedia Britannica. Courtesy of the Encyclopaedia Britannica.

by Joe Mathews | May 5, 2020

California is finally getting the local government apocalypse it has long needed.

And, thankfully, it's going to be even worse than I had hoped.

COVID-19 only deepens this dysfunctional dynamic. Our local governments lack the resources or expertise to decide how to respond to the crisis by themselves; Sacramento makes the big decisions. And with financial support slow in arriving from the federal government, local governments are already cutting services and laying off employees. Local bankruptcies of cities, and state takeovers of school districts, are now on the horizon.

In all this pain lies great possibility. The local apocalypse is so big and that every local government may need a bailout to survive. But there are simply too many governments, and too little money, to save them all. In this moment, we need two enormous changes in the nature of our local governments.

First, we will need to have fewer of them—that's the extinction for which I pined. Second, we must make remaining local governments more powerful and resilient, so they can give us more in good times, and hold up in future crises.

To do these two things requires confronting a great California curse. Yes, we have the economy, size, and population of a large nation—we'd be the 35th most populous on Earth if we were independent (something Governor Gavin Newsom's highly publicized brag that California is a "nation-state" acknowledges, in a backward way). But because we're a state within a larger country, we don't have our own regional governments—our own states—like real nations do.

We should. Our regions—the North State, the Bay Area, the Central Coast, Sacramento's Capitol Region, the San Joaquin Valley, the Inland Empire, greater Los Angeles, and greater San Diego—have the size and character of American states. And in our daily lives, we Californians are really citizens of those regions. Our economies are regional, our sports teams have regional fan bases—and our biggest problems are regional. But, unfortunately, instead of having powerful regional governments, we're split up into tiny shards of local governments instead.

Let's fix that, by allowing California citizens to establish regional councils—an idea first suggested by California's constitutional revision commission in 1996. These regional councils could form plans to consolidate our local governments and build real power.

My home county of Los Angeles, with 88 cities, is ripe for this. Do we really need both an El Monte and a South El Monte, a Covina and a West Covina, a Pasadena and a South Pasadena? Artesia, Cerritos, and Hawaiian Gardens already share one school district—why not a City Hall, perhaps with Lakewood and Norwalk as well?

To avoid having newly combined cities become larger versions of our current local weaklings, consolidation must be accompanied by restoring local government power—above all, the power for local officials to tax whatever they like. Local governments would then have control over their fiscal destinies, and could provide better services and more stable employment. In each region, local governments should jointly enact taxes to address regional concerns like transportation, public health, economic development—and disaster preparation.

More powerful local governments would be more democratic and accountable. Watchdogs are more likely to emerge when governments have more power to reach into our wallets. These newly consolidated governments also could more easily eliminate of outdated programs, and produce more responsive, technology-based systems for providing services.

You may opt out or contact us anytime.

"We continue to provide [government services] without adequately re-examining their fit for the world we live in today," former Santa Monica city manager Rick Cole recently told the *Planning Report*. "If we were starting from scratch today, we would design a government that looked more like the iPhone than the rotary phone."

One blessing of this terrible pandemic is that we can redesign our nation-state. The politics are more favorable, too. The statewide interests that protect centralized state power—our labor unions and corporations—are also reeling from the effects of COVID-19. Any bailouts for them should be conditioned on their support for empowering local government.

The local apocalypse is here—whether we wanted it or not. Let's make the most of it.

Sonoma West Times & News

Palm Drive board debates the need for speed

- By Laura Hagar Rush, Sonoma West Editor, laura@sonomawest.com
- May 5, 2020 Updated May 6, 2020

Palm Drive is under the gun to dissolve the district soon or be forced to pay between $75,000 and $125,000 to participate in the next election.

The main point of contention at the Palm Drive Health Care District board meeting on Monday, May 5, was whether the district could dissolve in time to avoid having to pay tens of thousands of dollars for a board election in November.

According to Sonoma County Registrar of Voters Deva Marie Proto, “The estimated costs for Palm Drive to hold an election in November would be $74,796 to $124,660.”

That’s quite a sum to pay for an election for a district that is now scheduled to be dissolved at the end of the October, days before the scheduled election is due to take place.

There are three district board seats up for grabs — seats currently held by Eira Klich-Heartt, Gail Thomas and Randy Coffman — and it seems to be the opinion of the health district’s attorneys that the district is going to have to shell out for this election even though it’s likely that none of those elected will ever serve on the board or, if they do, it will be for a very short time.

“It’s not just the bylaws that require you to have an election,” said attorney William Arnone. “There's a whole structure of California Code sections that also compel you to have an election: the code sections under which the district was formed and the code sections that apply to elected government officials also require that you have an election.”

The county stalls

Although opponents of the Palm Drive Health Care District have long accused the district’s board of dragging its feet with regard to dissolution, this time it’s the county of Sonoma — which will be taking over the district’s assets and debts — that has called for the delay.

The health district was initially scheduled to dissolve by mid-July, but in March, Sonoma County Auditor-Controller-Treasurer-Tax Collector Erick Roeser wrote to the district to inform them that, because of the pandemic, the county wouldn’t have the bandwidth to deal with Palm Drive until fall.

Roeser told Sonoma West, “Dissolution is a multi-county department effort and will take significant coordination. The initial request and timeline for dissolution would have been challenging under ideal circumstances. Unfortunately, the request came at the start of the COVID-19 emergency and several county departments that have a role in winding up the affairs of the district are currently responding to the COVID-19 emergency. As a result, it is necessary to push back the initial dissolution timeline approximately three months.”

Which puts the district smack into the election season.

Looking for a way out

A couple of ideas were floated about how the district might avoid this fate.

Board member Coffman suggested that the district simply wash their hands of the matter by dissolving unilaterally.

“What if the board determines that we're just going to dissolve, period, before the election,” he suggested.

Sonoma County Local Agency Formation Commission (LAFCO) director Mark Bramfitt had said at a previous meeting that the only other dissolution he’d overseen involved a board that did just that — refused to meet — which forced LAFCO, the agency that oversees special districts, to dissolve the district on its own.

Board chair Dennis Colthurst rejected that idea. “Randy, I totally agree with you that we don't want to spend money where it’s not necessary, but I also believe that we have to take measured steps with counsel to make sure we do this clean and transparently … We have business to complete. I think it's our duty and our responsibility to the majority of the members of our district to do a neat and clean exit.”

Richard Power, who campaigned on a platform of dissolving the district, suggested that the district try its best to meet the original deadline for dissolution by submitting its dissolution application to LAFCO, with or without county approval.

“I would much rather give that money,”— the $74,796 to $124,660 for the election— “to the Gravenstein Health Action Chapter rather than run this election out, and I think that's a real incentive to get this thing done by the end of next month.”

Rich joins Dissolution Taskforce

In pursuit of this goal, the board also appointed attorney and former director of the Sebastopol Community Center Diane Rich to the district’s dissolution taskforce, which now has three members: Rich, Power and Thomas.

Former board member Jim Horn also offered his services for the dissolution taskforce — he’s part of a group petitioning to dissolve the district. Horn also offered up a draft dissolution application. Both offers were met by the board with a distinct lack of enthusiasm.

Power ended the evening by urging the board to move with alacrity to wrap up the district’s affairs early to avoid having to pay for the election — and it wasn’t just about the money, he said. He warned that if an election took place in November, there were candidates in waiting who’d take the board in a direction current board members would find very unpleasant indeed.

Blackhawk: Measure Z police services tax maintains lead as more ballots counted

Jeremy Walsh

The proposed police services parcel tax increase in Blackhawk remains steadily in the lead as Contra Costa County election officials continue to tabulate results from last Tuesday's special election.

As of Friday's results update, Measure Z had 73.44% of the voters in favor (1,681 votes), compared to 26.56% in opposition (608 votes). The tax measure needs approval from more than two-thirds of ballots in order to pass.

Those are actually the same as the percentages reported by the Registrar of Voters' Office on Election Night (73.44% Yes; 26.56% No), although 139 additional ballots were counted in the interim.

Measure Z was a special election conducted by mail-in ballot only, with ballots due to the post office or drop box by last Tuesday. Ballots postmarked by Tuesday and received by the county no later than Friday were considered eligible.

Election officials expect to have the final results certified by this Thursday.

Thus far, voter turnout is reported as 51.89% of the 4,421 registered voters in Blackhawk.

Measure Z seeks to raise the existing tax rate for police services in Blackhawk -- which are provided via the Contra Costa County Sheriff's Office -- to $395 per parcel for residential property (single and multi-family), $2,370 per parcel for commercial/industrial/institutional property, and $11,852 per parcel for commercial/theater property in the first year.

It would also include increasing the tax by a flat rate of 3% per year to keep up with police-related expenses after that.

Supporters of Measure Z argued that without the tax increase, Blackhawk would lose one of its four designated officers immediately as well as another within four years, leaving the area with two officers.

No formal opposition argument against Measure Z was filed with the Registrar of Voters' Office for inclusion in the voter guide.

Public CEO.com Newsletter

Local governments must plan without delay for post-pandemic fiscal realities

By David S. Kupetz, J.D. and Frank V. Zerunyan, J.D.

May 11, 2020

The COVID-19 pandemic continues to devastate the national and global economies. The economic impact from the pandemic will disrupt California's fiscal condition and harm local government revenues this year and, potentially, for years into the future. In a letter addressed to the California Legislature, the State's Director of Finance predicts a recession and "significant negative effects on state revenues."

Most municipalities predominantly depend on sales tax, property tax, transient occupancy tax, documentary transfer tax, gas tax, parking user's tax as well as licenses, permits, and fees. Politico, in a recent article, estimates the loss from these sources due to the pandemic to be about $7 billion in revenue shortfalls for California local governments over the next two fiscal years, assuming the "stay at home orders" are lifted by June 1. The article warns that this estimate can grow exponentially should the "stay at home orders" last through the summer and beyond.

The market is another critical indicator of vulnerabilities for state and local governments. Any new economic downturn may particularly exacerbate the vulnerability of California's already challenged pension system. California's Legislative Analyst's Office (LAO) estimates the State's unfunded pension liabilities to be a total of 93.1 billion ($59.7 billion at CalPERS and $33.4 billion at CalSTRS). Adding retiree health unfunded liabilities to this figure increases the total to nearly $200 billion. These are significant unfunded liabilities, which continue to grow due to changing market assumptions. Even before COVID-19, these organizations decreased their rate of return by .5%. If markets further constrict, local government budgets will have to fill the gap.

There were already many local governmental entities facing significant financial challenges pre-pandemic. As identified by the California State Auditor and spotlighted on the Auditor's website, some of these pre-existing problems plaguing various municipalities include insufficient liquidity, excessive debt burdens, inadequate reserves, declining revenues, and unsustainable employee retirement and health care obligations. These problems existed during a sustained period of economic expansion. With the onset of a recession, without proactive action, many local public entities will be hammered by reduced revenue collections coupled with escalating pension and healthcare expenses.

The California League of Cities developed a study surveying its member cities in California. Roughly 170 cities responded to the survey reporting that by 2024 they will spend an average of 15.8 percent of their general fund on pensions. About 10 percent of the cities anticipated spending more than 21 percent of their general fund. All these predictions were before COVID-19. These unfunded liabilities do not include California's bonded debt.

The "silver tsunami" in the state and the decreasing birth rates pose demographic challenges to these systems by increasing the number of retirees and decreasing the number of active workers to pay for higher pension costs. Stay at home orders for California's most productive age workers further exacerbates the problem. A recent study by MIT scholars, published in the National Bureau of Economic Research Journal, quantifies this in terms of national GDP and proposes better social and economic outcomes with more "targeted policies." Half of the State's employer contributions to these state retirement systems come from local governments; therefore, California's local governments are particularly affected by demographic shifts, effective workforce, current volatility in costs and investment returns.

The consequences of the pandemic make it imperative that California's local governments, with limited tools to raise revenues or limited capacity to spend (constrained by the "debt limit" under Article XVI, Section 18 of the California Constitution and Proposition 4 "Gann Limit"), immediately focus on economic policy for the general public good. Local governments must tap existing state and federal recovery resources, which will most likely not be sufficient to close the gap. They must engage their unions, bondholders, retiree representative, CalPERS, financial institutions, service providers, plaintiffs in lawsuits, creditors, and other stakeholders. This engagement must focus on interests, must be collaborative to achieve a win/win negotiation frame to deliver local governments' paramount mission of serving the public, especially in more vulnerable and underserved communities. Traditional competitive negotiation frameworks in these difficult times will only mean devastation for the public that local governments serve. A local government has a substantial chance of being subjected to a crisis by failing to agree. This fragility requires a different frame than the usual competition, self-interest, and political blame.

Local governments must develop policies and implement them to deal with unprecedented circumstances. Most likely, a vaccine is 12-18 months away. Negative impacts on sales taxes, hotel taxes, user fees, and other municipal revenue sources are certain. Moreover, with a recession probably already having been triggered, and considerable uncertainty regarding the timing of recovery, future years' property taxes are also likely to be negatively impacted.

Immediate actions are needed by local governments to protect reserves, maintain essential services, and retain their workforce intact to the extent feasible. Without early and immediate action, many local governments will soon approach insolvency and then rapidly find that they are unable to pay debts when they come due. In this scenario, local governments may be unable to repay internal borrowings before the end of the year. While financial officers generally have immunity from personal liability, this protection disappears when there are known violations of the law. Moreover, local government officials cannot allow employees to come to work if they know the municipality will be unable to pay them.

Municipal officials must recognize that fund balances do not necessarily equate to available cash. The accuracy of underlying data (existing financial, budget information, audits, and other available material) is critical. The fundamental cash flow analysis is only as good as the underlying data and assumptions. City managers and treasurers must examine the danger of structural deficits burning through reserves.

The extent of federal and state assistance accessible for local governments is an ongoing issue. As of now, the municipal bond market has essentially frozen. For local governments that do not currently have a bank line of credit, obtaining one now may be difficult. Short-term borrowings may be possible through notes in anticipation of tax or other revenues (TRANs, RANs), or by internal borrowing from pooled cash. In both cases, the impact of COVID-19 on revenues may impede or limit these potential short-term fixes.

The pathway forward requires that local governments:

- Evaluate significant sources of revenue and expense categories to understand vulnerabilities (another factor to consider is the unemployment rate);
- Pinpoint major revenue streams at risk, identify anticipated timing of impacts, discuss available options, and focus on cash collections;
- Consider effects on General Fund (reduction of sales tax, TOT, impact fees, and facility usage, the potential reduction in assessed values, and likely CalPERS losses and increases in future unfunded liabilities), Enterprise Funds (reduction in commercial usage, no shut-off enforcement, decrease in new connections, “stay-at-home” orders and reduction in usage fees, and Successor Agencies (potential decrease in assessed value and reduction of future tax increment);
- Build consensus within governing council, commission, or board that early action is a necessity, not a choice;
- Initiate discussions with labor unions and other key creditor stakeholders, including opening the books and recognizing the impact on revenues during the pandemic and in the post-pandemic era; and
- Determine how to provide first-response services in the event of inability to fund staffing.

Upon establishing policy, identifying potential impacts, and meeting with labor groups and other key creditor groups (if any), local governments should be prepared to take early action, including:

- Placing contracts not critical to the government’s mission on hold;
- Reducing capital spending;
- Having local businesses jump in to cover the gaps in services where possible and economic; and,
- Reducing personnel costs, such as by eliminating leave cash-outs, placing planned wage increases on hold, and considering implementing furloughs and, as a final resort, layoffs of non-essential positions.

Local public entities facing severe financial straits must explore, debt restructuring, moratoriums, and adjustment as potential solutions. Such exploration takes place in the shadow of the resolution of last resort: Chapter 9 of the Bankruptcy Code. However, the initial focus should be on accomplishing the necessary restructuring outside of court. As part of attempting to successfully negotiate, resolve issues, and achieve an out-of-court restructuring, local governments must:

1. as discussed above, evaluate cash flow, finances, and availability of unrestricted funds and develop financial and operational plans;
2. commence discussions with key stakeholders (the reality of a potential Chapter 9 filing encourages negotiation and creates leverage for an agreement);
3. prepare the outlines of a possible Chapter 9 plan of debt adjustment or term sheet (to help facilitate negotiations and make use of the leverage); and
4. retain experienced professionals to provide guidance and representation.

Under constitutionally framed police powers, local governments may use fiscal emergency declarations constructively. The Contracts Clause under the U.S. and State constitutions ordinarily precludes contract impairment. However, the Contracts Clause does not bar a state or municipality from enacting its legislation impairing municipal contracts if required by a financial emergency.

The four factors required for legislative impairment of contracts include:

1. There must be an actual emergency from which the contract modification arises.
2. There must be a public interest at stake.
3. The modification must be tailored to the emergency.
4. The modification must be temporary and limited to the extent necessary to address the crisis.

The U.S. Supreme Court has said that a contract impairment may be constitutional if it is reasonable and necessary to serve an essential public purpose.

Local governments can constructively use a fiscal emergency declaration to commence, promote, and positively leverage negotiations with labor and other key stakeholders. However, any non-consensual modifications that arise out of a fiscal emergency declaration are temporary and, therefore, would not address long-term systemic problems such as unsustainable pension and retiree health care obligations.

Chapter 9 provides a framework for eligible governmental entities to restructure debt. While Chapter 9 is federal law, state law governs the gateway to Chapter 9. For example, California law (AB 506) requires municipal debtors to engage in “neutral evaluation” (mediation) before being eligible to file for Chapter 9, except in the case of a declared statutory fiscal emergency under AB 506. The likelihood that payment and other obligations will be suspended during the chapter 9 case and reduced and/or modified under a Chapter 9 plan can create significant leverage that can lead to negotiated changes that may be adequate to allow the local public entity to avoid Chapter 9.

The mediation process allows “confidential” negotiations out of court and within the exceptions of Brown Act. It provides a format for attempting to shape perceptions of liquidity and feasibility of go-forward plans. If an agreement is reached with some or all key creditors, Chapter 9 may be avoided or made more efficient if still necessary. AB 506 was enacted after the Chapter 9 filing of Vallejo, and Stockton first used the mediation process before its Chapter 9 filing. In contrast, San Bernardino discovered it was out of cash, could not negotiate with creditors, declared a fiscal emergency, and entered Chapter 9. Unlike in Chapter 9, there is no automatic stay of litigation or other creditor action as part of the AB 506 process and, accordingly, where an immediate stay is needed, the mediation process will not be a viable option.

Chapter 9 is designed to enable a municipality that is unable to pay its debts as they come due to continuing to provide essential services to residents while working out a plan to adjust its obligations. To avoid disruption of necessary services, Chapter 9 facilitates the continuance of insolvent municipalities rather than their dissolution. Not unlike Chapter 11 bankruptcy reorganization for non-governmental entities, two primary benefits of a Chapter 9 filing are (1) breathing spell imposed by the automatic stay, and (2) the ability to adjust creditors' claims through the planning process.

To avoid the point of a fiscal emergency post COVID-19, and to address their budgetary challenges, local public entities must act proactively. If a proactive approach is not taken in time or is not sufficient, it may become necessary for a local public entity to engage in debt restructuring. Debt restructuring should be conducted outside of court if possible, with Chapter 9 lurking in the shadows and only entered as a last resort. Most importantly, in these times of fiscal distress, local governments must govern. Governance requires a different mindset with collaborative efforts to search for the common good.

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https://danvillesanramon.com/news/print/2020/05/12/save-mount-diablo-acquires-2873-acre-smith-canyon-property?utm_source=express-2020-05-13&utm_medium=email&utm_campaign=express

Uploaded: Tue, May 12, 2020, 5:58 pm

Save Mount Diablo acquires 28.73-acre Smith Canyon property

Officials say land acts a s a vital carbon sink

by Ryan J. Degan

Local environmental conservation group Save Mount Diablo continues to expand its listing of protected lands, and has most recently become the proud new owner of the strategically located 28.73-acre Smith Canyon property.

Located just east of Clayton, Save Mount Diablo officials say Smith Canyon provides legal and practical access from a public road to Save Mount Diablo's conserved 1,080.53-acre Curry Canyon Ranch as well as Mount Diablo State Park from Morgan Territory Road.

"The Smith Canyon property is an incredible recreational gateway to the magical Curry Canyon on the east side of Mount Diablo," Ted Clement, Save Mount DIablo's Executive Director, said in a statement. "But what also strikes me about the property is that it has great potential as a beautiful stand-alone preserve by itself."

"How often do you get to save an entire canyon," added Seth Adams, Save Mount Diablo's Land Conservation Director. "Smith Canyon is lovely. It's one main lushly wooded stream canyon with several smaller drainages rising to ridges on either side and toward a small peak on our neighboring Curry Canyon Ranch."

The land is contiguous with Save Mount Diablo's conserved Curry Canyon Ranch, and according to Save Mount Diablo officials, its conservation "adds to the important corridor of conserved lands in the Mount Diablo area, which is critical for wildlife and water resources."

In addition to providing additional access to Save Mount Diablo's numerous protected areas, officials added that the area is populated with a wide variety of natural animal and plant life worth conserving.

According to Save Mount Diablo Smith Canyon's diverse landscapes include blue oak woodlands, grasslands and a live oak-bay riparian corridor. The land is also home to the California red-legged frog and the Alameda Whipsnake -- two species considered vulnerable and endangered respectively, due to loss of habitat among other issues.

The oak woodland, oak savanna, and grasslands on the property also serve as a carbon sink, which the United Nations Intergovernmental Panel on Climate Change has said is a critical part of the solution to climate change.

"Land conservation mitigates against climate change in lasting ways. For example, forests and other undeveloped lands absorb greenhouse gases, thereby acting as carbon sinks, keeping those gases out of the atmosphere," Save Mount Diablo officials said.

Furthermore, conservation officials say the land also affords beautiful scenic vistas to passersby on the public Morgan Territory Road.

"Despite limited rain this spring, it's bright green and wildflowers are appearing everywhere. There were several approved subdivisions on the property that luckily never took place, but the large building pads show how threatened it has been. Its purchase is another piece in our Curry Canyon puzzle and ends that threat forever," Adams said.

Smith Canyon is one of several properties Save Mount Diablo is raising funds to protect through its Forever Wild Capital Campaign, which seeks to raise $15 million in order to provide the group the resources necessary to purchase and adequately steward the land.

To date, just over $13 million has been raised for the campaign, which has enabled Save Mount Diablo to do strategic land acquisition projects, like its Curry Canyon Ranch and North Peak Ranch projects, and helped build a sizable permanent Stewardship Endowment Fund for the ongoing care of protected lands.

"We're looking for angels," said Karen Ferriere, SMD's Development Director, about the need to raise the $650,000 purchase price and replenish the acquisition funds that were used to cover the real estate closing, "and talking to everyone we can."

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Published May 13th, 2020

Fire district ambulance revenue plummets since onset of pandemic

By Nick Marnell

In March and April, the Moraga-Orinda Fire District saw such a steep decline in hospital transports that the district lowered its ambulance revenue forecast by nearly $400,000 for this fiscal year.

It is unclear how long the dearth in ambulance demand will continue. According to Battalion Chief Jerry Lee, with people staying home since the onset of COVID-19 there is less potential for injuries, and with not as many people on the roads there have been fewer traffic accidents. Patients have used alternative methods for their health care evaluation, such as a Zoom consultation, instead of visiting the doctor.

"People don't want to go to the hospital because hospitals are generally viewed as having a higher potential for COVID-19 exposure," Lee said.

MOFD ran 1,605 ambulance transports in 2018 and 1,554 in 2019, nearly all to either John Muir Medical Center or Kaiser Permanente in Walnut Creek. In March the district transported patients to hospitals 111 times, and in April, 60 times - far below its 133 monthly average. The district is preparing for the steep drop in transports to continue, as it projects a decrease in ambulance revenue from $1.3 million this year to $500,000 next year.

"If that's all we're going to get, that will be a tough pill to swallow," Director John Jex said. "If we were a commercial ambulance operation we'd be bankrupt."

Fire Chief Dave Winnacker listed options for higher ambulance revenue. Increase the rates, which recently occurred. Add fees, such as a facilities fee to institutional users. Or require payments for patient transport beyond district reimbursement levels.

MOFD charges $2,300 for an ambulance transport but its reimbursement rates come nowhere near that figure. Medicare payments range from $350 to $800, Medi-Cal payments are somewhat lower and reimbursements from private insurers widely vary. Anything higher than the district reimbursement rate is forgiven for district residents.

Should the district stop writing off ambulance charges in excess of its reimbursement rates, "That would result in district residents receiving a significant bill for transport from an MOFD ambulance," Winnacker said.

"We need to take a hard look at those numbers and really address a change," Jex said.

Reach the reporter at: nick@lamorindaweekly.com

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Sonoma West Times & News

Palm Drive board approves resolution to dissolve by July 1

- By Laura Hagar Rush, Sonoma West Editor, laura@sonomawest.com
- May 13, 2020 Updated May 13, 2020

The Palm Drive Health Care District will dissolve by July 1.

In a special meeting on Tuesday, May 12, the Palm Drive Health District board voted unanimously in favor of a resolution to dissolve the health care district by July 1. They will now submit their dissolution application to LAFCO (Local Agency Formation Commission), which oversees the creation and dissolution of special districts. LAFCO is expected to unanimously approve the dissolution.

It was a victory for the district's opponents, who had long sought the dissolution of troubled district.

"The resolution is very simple and straightforward," said Jim Horn, a former Palm Drive board member who began a petition this year to force the dissolution of the district. "This is exactly what Mark Bramfitt (at LAFCO) has been telling them for the last three months. The county is going to take over … and the dissolution is effective July 1. And that's exactly what we've been we've been looking for since February."

What's behind the board's sudden push to dissolve? As of last week's board meeting, the district's lawyers were telling the board to settle in for a long, slow process of dissolution that could run into 2021.

"Well, what caused it was the fact that we were told that we're going to have to spend somewhere between $75,000 to $125,000 for an election in November for positions that won't even exist. So, we were trying to save that money and figured out an alternative route," said Palm Drive Health Care District board member Richard Power, who as a candidate ran on a platform of dissolving the district.

Power, board member Gail Thomas and attorney Diana Rich are members of the district's dissolution taskforce. They will continue meeting to hammer out the details of the dissolution. Power expects the full board will meet several more times as well before dissolving.

The dissolution of the district will have no effect on Sonoma Specialty Hospital (the former Palm Drive Hospital), which is now a long-term acute care facility owned by a private company, AAMG, which was purchased the hospital from the health care district in 2019.

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Published May 13th, 2020

MOFD board declines to fully staff ambulance in downtown Orinda

By Nick Marnell

Photo courtesy MOFD

A split Moraga-Orinda Fire District board rejected a staffing model that would have placed a fully staffed ambulance at Fire Station 45 in Orinda, instead voting to maintain the cross-staffing model in use since 2013.

Station 41 in Moraga and Station 45 deploy both an ambulance and a fire engine on site. Station 41 fully staffs each vehicle, with a crew of three on the engine and a two-person crew for Medic 41.

It doesn't work that way at Station 45. The station maintains only a three-person crew which responds on either the engine of the ambulance, whichever is dispatched. When Medic 45 is off to a medical call, Engine 45 sits idle at the station.

According to a district staff report, when Medic 45 is out of the district, a call for service in Station 45's coverage area requires a response from either Engine 43 or Truck 44, which can result in extended response times as those units travel farther to the scene of the incident.

"I truly do not understand why we would not have staff personnel at Station 45 at all times," said Director Greg Baitx, who at the April 29 district meeting made the motion to fully staff the Orinda ambulance.

From 2007 until 2013, the ambulance at Station 45 was fully staffed. Then came the financial crisis, and the district reverted to the cross-staff model. "When our financial situation improved, those positions were to be restored," President Steven Danziger said.

But they weren't, despite the district's securing a federal grant for that purpose. Instead, the district used the grant money for floaters to cover sick days and vacation relief, permitted uses of the federal funds.

To fully staff Medic 45, the district would have to hire six additional personnel at a cost of $1.44 million per year, or MOFD could cover the ambulance with increased overtime of approximately $1 million.

Danziger and Director Michael Donner have long pushed for the fully staffed Orinda ambulance, but at the district meeting, their support waned, largely because of the unknown financial impact of the coronavirus pandemic. "I don't think it would be prudent for us to increase staffing now," Donner said.

"I intended to fully support increased staffing, but right now I feel it would not be responsible to direct the chief to do it," Danziger said. "In my heart, I want to do it, and if things were different I'd be right there with Director Baitx."

The motion to fully staff Medic 45 was rejected by the board 3-1, with Baitx voting yes and Danziger abstaining.

Reach the reporter at: nick@lamorindaweekly.com

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East Bay Times

Developer warns Lafayette not to deny 315-unit Terraces housing project

Lawyer says city 'must approve' plan under new state laws, threatened high legal costs previously


The proposed 22-acre site for the Terraces of Lafayette, a 315-apartment complex is photographed in Lafayette, Calif., on Thursday, Aug. 22, 2019. (Anda Chu/Bay Area News Group)

By Jon Kawamoto | jkawamoto@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: May 15, 2020 at 1:19 p.m. | UPDATED: May 15, 2020 at 8:51 p.m.

LAFAYETTE — The developer of a contentious 315-unit apartment project has sent the city a letter warning that officials "must approve" the proposed Terraces of Lafayette housing development to avoid legal consequences.

Bryan Wenter, an attorney for developer O'Brien Homes of Menlo Park, notes in the May 14 letter that the project complies with the state's Housing Accountability Act. An amendment to the act known as SB 35 tempers local control of developments with affordable housing components, significantly easing the path for their approval. Terraces of Lafayette would designate 20% of the units — a total of 63 — as affordable.

Although the letter doesn't specify the amount of potential legal costs that could be incurred if O'Brien Homes sues should its proposal be denied, Wenter warned in a December 2018 letter that "costs to the city could be overwhelming." In a 20-page report prepared for the Lafayette Planning Commission's Monday review of the project, city staff also referred to legal costs, which they noted could exceed $15 million.

Wenter's May 14 letter to Lafayette Planning Director Greg Wolff and Planning Commission Chair Kristina Strum asserts that a case for denying the project under the Housing Affordability Act's criteria "cannot be made and the city must approve" the project. He added that the city's zoning policies, including the hillside development ordinance, "are legally irrelevant" because recent amendments to the act closed zoning loopholes.

In recommending approval of the Terraces apartments, city staff said the project is well-designed to "develop a safe and efficient circulation system that respects Lafayette's quality of life and community character and is consistent with other city goals."

The staff report concluded the Terraces project would encourage "development of diverse housing types and additional affordable housing" and acknowledged that it is "very difficult and fraught with risk for local municipalities to exercise their typical, discretionary land-use authority to deny such projects."

But Michael Griffiths, the president of grass-roots residents group Save Lafayette, suggested in an email statement that the city shouldn't be swayed by legal fees.

"Surely residents should absolutely expect the Planning Commission to honor its obligation to judge the Terraces application purely on its technical merits and to be independent of any potential legal costs," he wrote.

Griffiths contended that Lafayette would be exposed to large legal penalties only if it "fails to follow through in a prescribed time frame after the application is resolved." He said if Lafayette meets its deadlines in a court case, "the only cost the city faces is that of legally debating the merits of the application. … The city has multiple strong legal bases for rejecting the application, even though neither the city nor the developer has provided sufficient research in other key areas."

Save Lafayette has long opposed the Terraces housing plan, first proposed in 2011. It sued the city in 2016, effectively putting the project in limbo until a state appellate court ruled that Lafayette erred in not allowing voters to decide on proposed zoning changes to the project. The city and developer came up with a compromise plan of 44 houses on the 22-acre site off Deer Hill and Pleasant Hill roads that was placed on the June 2018 ballot as Measure L, but voters rejected it. O'Brien Homes immediately revived its original 315-unit apartment plan, and SB 35 had also been enacted in September 2017, giving the developer more leverage.

The Californian

SDCRFA split gets support

By
Joe Naiman
- 05/15/2020

San Diego County's Local Agency Formation Commission will begin the process of making the San Diego County Regional Fire Authority a separate fire protection district.

An 8-0 LAFCO board vote May 4 approved a sphere of influence update for County Service Area No. 135 including support for a recommendation that the SDCRFA be separated from the San Diego County Regional Communications System.

"CSA 135 merits reorganization to split the district into two distinct entities," said LAFCO executive officer Keene Simonds.

"We've given direction for the county to come back with an application and we're incentivizing that application by waiving the fee," Simonds said. "We will work as quickly as possible in processing it."

The San Diego County Board of Supervisors and LAFCO created the San Diego County Regional Fire Authority in 2008. CSA No. 135 covers the entire unincorporated area of the county as well as several incorporated cities who have joined the 800 MHz communications system which allows emergency and public safety agencies to communicate with one another. The 2008 decision to authorize latent powers for fire protection and emergency medical services within a zone of CSA No. 135 allowed the SDCRFA to be created without the process of forming a new district.

"What they did in '08 made sense at the time," Simonds said.

The creation brought territory not within the boundaries of a public agency but served by a volunteer fire department into the San Diego County Regional Fire Authority. In 2011 five county service areas responsible for fire protection and emergency medical services were consolidated into the SDCRFA.

The first fire protection districts to be dissolved and added to the SDCRFA boundaries were the Pine Valley and San Diego Rural districts, whose addition to the SDCRFA was approved in 2015. The Julian-Cuyamaca Fire Protection District board supported a consolidation and despite some public opposition that area became part of the SDCRFA in 2019. Last year's actions also included removing the fire protection and emergency medical services latent powers from the Mootamai, Pauma, and Yuima water districts in Pauma Valley and making those areas part of the SDCRFA.

“This has been a twelve-year process,” Simonds said.

A sphere of influence study determines the boundaries best served by a particular agency. It is a prerequisite to any jurisdictional change other than an annexation of land within the existing sphere of influence, and LAFCO also conducts periodic sphere of influence updates for all cities and special districts. The sphere of influence study for CSA No. 135 was based on the periodic update calendar rather than on any annexation proposal.

“I think the fire protection district model is a good and appropriate next step,” Simonds said.

“It’s like the Fire Authority growing up and finally becoming of age,” said county supervisor Dianne Jacob, who is also the chair of the LAFCO board.

A fire protection district may include portions or even the entirety of an incorporated city, so if a city wishes to contract with the SDCRFA the regional agency could provide the coverage.

“The Fire Authority stands in strong support of the motion in front of you,” said SDCRFA fire chief Tony Mecham.

An application to consolidate into the SDCRFA would need support from the fire department’s board as well as the county. “Any decision to join the Fire Authority is a joint application of both parties,” Mecham said. “There is no takeover.”

The Board of Supervisors would be the governing body for the SDCRFA as well as for CSA No. 135. A county service area can have an advisory board with local residents (or first responders), and as part of the consolidation process for the Pine Valley and San Diego Rural districts the Board of Supervisors created the CSA No. 135 Fire Advisory Board in October 2014.

The process to create a separate district for the SDCRFA will begin with Board of Supervisors approval. LAFCO staff will then conduct an analysis including public outreach before docketing the proposal for a LAFCO board meeting.

“I don’t think at this point there will be any significant hiccups in that process,” Simonds said.

NOTICE OF PUBLIC HEARING

Byron Bethany Irrigation District and The West Side Irrigation District Consolidation (LAFC 30-19)

NOTICE IS HEREBY GIVEN that on Thursday, June 11, 2020, at 9:00 A.M. the San Joaquin Local Agency Formation Commission will hold a telephonically public hearing to consider the Byron Bethany Irrigation District and The West Side Irrigation District Consolidation. In accordance with the Governor's Executive Order N33-20, LAFCo has arranged for members of the public to observe and address the meeting telephonically. Please check with the LAFCo's website at www.sjgov.org/commission/lafco to obtain call-in information. This information will be available no later than 72 hours before the meeting.

Byron Bethany Irrigation District and The West Side Irrigation District have submitted an application to LAFCo to consolidate. The proposal is to combine the territory of TWSID with the territory of BBID, creating BBID as a single successor district. The Board of Directors of both districts approved a concurrent resolution for consolidation with the Terms and Conditions specified in the application. Byron Bethany Irrigation District consists of 29,477 acres with a service boundary that includes portions of San Joaquin, Alameda, and Contra Costa Counties. The West Side Irrigation District is located east and west of the City of Tracy and has a service boundary of approximately 6,590 acres.

If you have any questions or need more information, please call and leave a voice message on the LAFCo business phone at (209) 468-3198, email the Executive Officer at jglaser@sjgov.org, or visit our website at www.sjgov.org/commission/lafco.

BY ORDER OF THE SAN JOAQUIN
LOCAL AGENCY FORMATION COMMISSION
JAMES E. GLASER, Executive Officer

Dated: May 21, 2020

CCT/ATS #6484193; May 21, 2020

Marin Independent Journal

Marin Voice: It's time to rethink how government services are delivered

By Sashi Mcentee |
May 29, 2020 at 12:17 p.m.
Mill Valley Mayor Sashi McEntee (Alan Dep/Marin Independent Journal)

As a small-town mayor, I am acutely aware of how the shutdown of the economy is going to affect our budget and therefore our ability to deliver services to our residents.

In Marin County, we have 11 cities, 50 special districts, 22 joint-powers authorities, 16 school districts, and the county providing a variety of services to our community, and we will all face severe revenue shortfalls from the pandemic.

Coordination between government agencies is a significant problem, particularly when you add in the state and federal government, and there is not much of an incentive to fix that. That lack of coordination costs each agency money and staff time, and residents are left unsatisfied as agencies point fingers at each other.

But today is a different day. None of us have ever dealt with a disaster of this kind, and we don't know what the future holds.

We have an obligation to get back to basics. For a city, that means public safety, infrastructure, and quality of life services. We need to break down silos between cities, special districts and the county to design service delivery in a way that is efficient and best serves the community.

One way to do this is exploring shared services and consolidation. Corte Madera and Larkspur have led the way in creating joint police and fire agencies over the past few years.

There is an immense amount of innovation and creative discussion going on behind the scenes right now as we explore ways to collaborate effectively. The Marin Managers Association have been actively exploring ideas for sharing everything from corporation yard facilities to building inspectors, road striping crews, and permitting centers. In Mill Valley, we have an open dialogue with the Mill Valley School District on ways we can collaborate to benefit our shared constituents, which includes a joint meeting in the near future. We recently entered into a chief-sharing agreement with Southern Marin Fire District and are exploring shared police services with the City of Sausalito.

Each county in the state has a Local Agency Formation Commission, designed as the legislature's watchdog over efficient delivery of local government services. At Marin LAFCo, we are preparing a countywide fire services study and looking at other ways we can be a neutral convener of conversations between potential partner agencies.

The community also needs to be a part of the conversation, while we in government need to stay transparent and provide ample opportunity for scrutiny. We will have to decide as a community what services should be funded from general funds and what could potentially be funded from a public-private partnership. Mill Valley has a rich history of "Friends" groups that help fund library, recreation, and other programs we all enjoy.

Part of getting back to basics is making sure we are planning for the future so we can remain a going concern. CalPERS is seeing a drastically reduced rate of return, we can expect our pension obligations to increase further and we were already planning for a doubling of required PERS payment in the next few years. As we all draw down reserves, we need to leave some room for these increased obligations. This will affect the funds available for quality of life services. Mill Valley recently approved a 10-year long-range financial plan, and we will be updating it as the effects of the pandemic on our budgets are known.

It is going to get worse before it gets better. All of us will need to share in the pain as we adjust. Residents and labor alike will have to be open to new ways of doing business. But there is a tremendous upside.

Shared services will create opportunities for employee development and advancement, raising the level of service while improving retention. Cities will be able to stretch their budgets further and not have to cut essential services. By working together, both in government and in the private sector, we can build a new future on the bedrock of our shared community values.

Sashi McEntee is the mayor of Mill Valley and the chair of the Marin County Local Agency Formation Commission.

How global companies drive the home insurance crisis in California wildfire zones

BY DALE KASLER

January 20, 2020 04:22 AM

Read more here: https://www.sacbee.com/news/business/article239259628.html#storylink=cpy

California enjoyed a comparatively mild wildfire season in 2019, but it wasn't enough to save Bobbi Pimentel's homeowners' insurance policy.

Pimentel and her husband, who live in a rural area 30 miles east of Redding, got the dreaded notice in late November: Horace Mann Educators Corp., which has insured their property for 13 years, wouldn't renew their policy. Pimentel, who's still looking for new coverage, fears her premiums could triple, costing her thousands of dollars.

"I just don't understand how they can do that," said Pimentel, 77. "They don't mind taking our money but they're not covering anything." A company spokeswoman wouldn't discuss Pimentel's case but said Horace Mann has paid out $157 million in California wildfire claims since 2017.

The insurance crisis in California wildfire country is showing few signs of abating. Rural residents are losing coverage, rates are shooting up and experts say the problem defies easy remedies.

California's continuing woes can be traced in part to a collection of mostly foreign companies that have become increasingly nervous about the widespread havoc caused by the state's wildfires.

These companies sell reinsurance. That's insurance purchased by other insurance companies that are offloading some of the financial risks of a major catastrophe.

Reinsurance companies — unknown to most Californians, typically headquartered in such far-flung locales as Bermuda and Zurich — are a quiet but powerful force in the state's insurance market. The availability of reinsurance enables better-known primary carriers such as Farmers and State Farm to keep writing coverage in wooded foothill communities where wildfire danger lurks.

Now the relationship between reinsurance and primary carriers is beginning to fray. The wildfires of 2017 and 2018 caused $25 billion in damage. Billions in claims landed in the laps of reinsurance companies that had largely overlooked wildfires as major calamities.

Stunned by their losses, many reinsurance companies have begun scaling back their coverage in the state and jacking up the rates they charge the primary carriers. Not subject to rate regulation by the California Department of Insurance, some reinsurers are raising prices as much as 70 percent, according to a report last summer by market analyst S&P Global Ratings.

That, in turn, puts more pressure on the primary insurance companies. They have to get approval from the Department of Insurance to increase premium rates on homeowners. But the department won't include the cost of reinsurance in the rate-making calculations.

Caught in that regulatory bind, primary carriers have little choice but to reduce the number of policies they underwrite, said Rex Frazier of the Personal Insurance Federation of California.

"You have to (reduce) your risk profile to match your revenue," said Frazier, whose association lobbies for some of the major primary insurers.

Frazier said reinsurance companies used to gloss over wildfire dangers when selling coverage to his federation's members. Now they're scrutinizing wildfire risks like never before.

"It used to be, 'Tell me about your Florida hurricane risk.' Now it's, 'Please show me your modeled losses for your California wildfire risk,'" Frazier said.

Insurance companies have been dealing with plenty of high-cost disasters in the past few years. Large swaths of Australia are burning. Major worldwide catastrophes — from Hurricane Michael in Florida to Typhoon Jebi in Japan to the Camp Fire in Paradise — caused an estimated

$219 billion in damage in 2017 and 2018, according to Swiss Re Ltd., the world's largest reinsurance provider. It was the costliest two-year run of disasters ever recorded, the company said.

Some disasters are so destructive, they force the government to take the place of private insurance. The federal government sells flood insurance. Floridians buy hurricane insurance from a not-for-profit established by their Legislature.

And more than 1 million Californians get earthquake insurance from the not-for-profit California Earthquake Authority. It was created after the 1994 Northridge earthquake sparked a statewide insurance crisis. California law required homeowners' insurers to offer earthquake coverage. Rather than risk another Northridge — which caused $10 billion in covered losses — insurers started pulling back from coverage altogether.

Nobody's yet suggested the creation of a similar authority for wildfires. But Californians in fire-prone areas are continuing to lose coverage — despite the absence of major disasters in 2019, hundreds of millions of dollars in new fire-safety expenditures by the Legislature and an emergency order from regulators halting policy cancellations in certain parts of the state for a year.

Reinsurance executives say California still hasn't turned the corner on wildfire safety.

Mark Bove, a meteorologist and catastrophe solutions manager at Munich Re, a German company that's the world's second-largest seller of reinsurance, said climate change, population growth in fire-prone areas and other factors are continuing to drive up the risk of doing business in California.

"We are happy for the residents of California that 2019 was much milder," Bove said. But "the whole entire insurance and reinsurance industry still feel wildfire is a very significant, emerging risk in California. One relatively quiet year ... does not change that fact."

California wildfires now a major 'peril'

Until recently, the reinsurance industry trained most of its brainpower — its computerized risk-analysis modeling — on what it considered "first-tier perils" such as earthquakes, tornadoes and hurricanes. Wildfires were considered a lesser danger. Then came the fires of 2017 and 2018, killing more than 100 people, destroying much of Paradise — and forcing the industry to take a fresh look at its models.

Perhaps most shocking was the Tubbs Fire in 2017, which swept through urban Santa Rosa neighborhoods that were thought to be at a safe remove from meaningful risk.

"Those risk-selection tools that everyone was using were called into question," said Doug May, president of Willis Re, a reinsurance broker and consultant based in New York. "They didn't appear to be particularly effective, especially for wind-driven wildfire."

Reinsurers are developing new forecasting tools, and are giving California wildfires the respect they deserve.

"California wildfires have emerged as a first-tier US catastrophe peril," Moody's Investors Service declared in a report last summer. Hiscox Re, a reinsurance company based in Bermuda and London, said in a white paper that the industry must recognize wildfire "as a serial offender."

Zurich-based Swiss Re — the world's largest reinsurer, with $36 billion in annual premiums — lost $775 million on California wildfires over the two years.

Everest Re, out of Bermuda, took a $450 million beating on the Camp and Woolsey fires in 2018. A French reinsurance company called SCOR racked up more than $200 million in losses in 2017-18.

When 2019 came and went with just one major wildfire, the Kincade Fire in Sonoma County, much of the reinsurance industry was not reassured.

In its annual summary of global insurance disasters, Munich Re said the 2019 result "does not change the sharply rising long-term trend" toward major fires. Bove, the company meteorologist, said that while industry-wide losses came to just $1 billion last year, that still placed 2019 among the costliest years in California wildfire history.

The end result is reinsurance is getting pricier and harder to find, which translates into less coverage available for California homeowners, said Mark Sektnan, vice president of the American Property Casualty Insurance Association.

“The reinsurers are saying they’re only going to take ‘X’ amount of risk,” said Sektnan, who represents primary insurers. “So you need to figure out which policies you’re not going to cover.”

Crisis for rural homeowners

Homeowners’ insurance is an $8 billion-a-year business in California. The vast majority of Californians have little trouble getting affordable coverage. The average policy — about $1,000 a year — is almost 20 percent below the national average, according to 2016 data from the Insurance Information Institute.

But in areas considered prone to wildfire, the situation has turned nightmarish. Starting with the 2015 Butte Fire in Amador and Calaveras counties, and ending with the November 2018 Camp Fire in Paradise, the insurance industry has lost roughly $25 billion to California’s wildfires. The industry’s response: Nearly 350,000 rural Californians lost their policies from 2015 to 2018, according to state data.

Tens of thousands of homeowners have had to resort to coverage from unregulated “surplus” carriers like Lloyd’s of London or the California FAIR Plan, the state’s “insurer of last resort.” The FAIR Plan alone added 22,000 homeowners to its rolls during a 12-month span ending last August, according to a report to the Legislature.

The FAIR Plan is subject to rate regulation by the state. But it’s considered a less-than-ideal alternative for homeowners. It offers bare-bones policies and doesn’t cover perils like theft, forcing customers to get “wrap-around” insurance to fill out their coverage.

Bottom line: Homeowners who used to pay about $2,000 a year for coverage can find themselves paying $6,000 or more. While urban Californians who live outside of wildfire danger are immune, it's become an all-consuming issue in wooded foothill regions and other fire-prone areas of the state. In some places, the lack of affordable insurance is causing the real estate market to dry up.

"Mercury just notified me of cancellation after less than 3 months - has anyone received coverage in the 95959 zip code recently? Thank you so much for any info," wrote Michelle Harding Bodley in a recent post on a Facebook page devoted to the insurance crisis in Nevada County. The page has 1,000 followers.

So many homeowners have been forced onto the FAIR Plan lately, the insurer of last resort is now worried about becoming overburdened. Last fall Insurance Commissioner Ricardo Lara ordered the FAIR Plan to start offering full-fledged insurance coverage, in addition to its bare-bones policies.

The FAIR Plan — which was created by the state after insurers abandoned inner cities following the 1960s riots — responded by taking Lara to court. The plan is funded by insurers and doesn't receive tax subsidies.

The impact of Lara's other big order remains unclear. In December the commissioner imposed a one-year moratorium prohibiting carriers from dropping homeowners living in and around the major fires that occurred in 2019 — a move that protects about 1 million homeowners. Lara had the authority to order the moratorium under SB 824, a bill he authored while in the Legislature in 2018.

The commissioner also asked insurers halt cancellations for a year in the rest of the state as well. So far no company has agreed to it, but "we continue to be in discussions" with insurers about Lara's request, said Department of Insurance spokesman Michael Soller.

Randy Fletcher, a Marysville insurance agent, said Lara's efforts are falling short. Until the state does more to reduce underlying wildfire dangers, he said insurance carriers will remain reluctant to underwrite coverage in wooded areas.

“They’re telling me, show me proof it’s safer and profitable to write in the forests,” said Fletcher, a Yuba County supervisor whose district bore the brunt of the 2017 Cascade Fire. “The solution isn’t from the insurance commissioner putting a one-year band-aid (on the problem).”

Soller acknowledged the moratorium isn’t a remedy but is designed to give “breathing room for consumers” while more long-lasting solutions are developed. Those include more intensified efforts by the state to reduce wildfire risks — and then finding ways to get insurers to make coverage more available.

“We’re going to push for a stronger commitment from insurers to write policies in wildfire communities, to address this non-renewal issue,” Soller said.

In the meantime, insurance carriers insist California also needs to raise premium rates.

Frazier said the Department of Insurance has kept premiums artificially low over the years. Companies are loathed to seek rate increases of more than 6.9 percent because that’s the threshold that triggers hearings that could last a year or longer, he said. At the same time, he said the companies are prohibited in California from incorporating reinsurance costs into their rate-hike requests.

“Companies can’t match the risk to price,” Frazier said. “Why are we acting surprised that there are non-renewals in the high-risk areas?

“(Regulators) are trying to shield people from big price disruptions and that’s understandable,” he added. “But if they push too hard, the insurance system doesn’t have enough money to insure everybody.”

Soller said the primary carriers have gotten plenty of rate relief — the department approved rate increases totaling $388 million a year in 2018 alone. “It’s not accurate to say the department has put a lid (on rate hikes),” he said.

Michael Wara, who runs the Stanford climate and energy program and has been advising lawmakers on wildfire issues, said any substantive fix for the insurance market is going to need insurance executives “at the table.” But he said questions about political donations from insurers to Lara’s political campaigns “makes it harder” for the commissioner to hold those discussions.

Soller disputed that. “He’s going to continue to do the work of meeting with consumers, meeting with the industry, really as the voice of California homeowners,” the department spokesman said.

KPBS

Supervisors Will Consider Reorganizing Fire Services In Unincorporated Areas

Tuesday, June 2, 2020

By City News Service

Credit: Cal Fire San Diego
Above: Cal Fire San Diego training in Boulevard on June 1, 2020.

The San Diego County Board of Supervisors voted unanimously Tuesday to discuss the reorganization of the county's fire protection and emergency medical services into two separate agencies at its July 7 meeting.

The reorganization would allow more flexibility for, and accountability of, dependent fire and medical services in the county's unincorporated areas, Supervisor Jim Desmond said.

One of the agencies would be the Fire Protection District, which would provide fire services to the jurisdictions within the current service area. The other would be the Fire Authority, which would continue focusing on public safety radio communications.

The supervisors formed the San Diego County Fire Authority in 2008 and developed a plan to cover and consolidate 1.5 million acres. The authority is currently part of County Service Area 135, which provides the government structure to organize and fund fire protection and emergency medical services in the unincorporated area.

Since the creation of the authority, the board has invested more than $500 million to boost fire and emergency services capabilities. Currently, the Fire Authority contracts with the California Department of Forestry and Fire Protection to provide services. Collectively, the services are known as County Fire.

According to a staff report, County Fire has more than doubled in size in the past five years. The proposed reorganization of the agency was proposed by Supervisor Dianne Jacob, who described its evolution as like a "baby" growing into an adult.

If the board agrees to separate the two functions "to better meet current and future demands," using Jacob's recommendations, it would divest County Service Area 135 of its fire protection and emergency services powers and subsequently create the San Diego County Fire Protection District, which would be a committed county function. The service area would then be left with public safety radio communication powers.