East Bay Times

Public comment sought on plan to restore part of Delta state park into marshland

State Department of Fish and Wildlife in final planning stage of \$315 million Franks Tract project



Cameron Bevacqua, left, 16, of Yuba City, and Tyler Bounds, right, 14, of Roseville, fish along Franks Tract during the California High School Fishing State Championships on Sunday, Oct. 2, 2011 near Bethel Island, Calif. (Aric Crabb/Staff)

By <u>Judith Prieve</u> | <u>jprieve@bayareanewsgroup.com</u> | Bay Area News Group PUBLISHED: June 4, 2020 at 1:53 p.m. | UPDATED: <u>June 6, 2020</u> at 2:29 p.m.

The public will get one more say about the initial plan for restoring part of the 3,523-acre Franks Track State Recreation Area in the Delta to its original marshland state.

A webinar on the proposed \$315 million multi-agency state project will take place Tuesday from 3 to 5 p.m. — the last of a year-long series of public meetings on the initial plan that's expected to be completed by July before refinements and an environmental review.

Located between Bethel Island and False River and accessible only by boat, Franks Tract is primarily used by fishermen, boaters and waterfowl hunters.

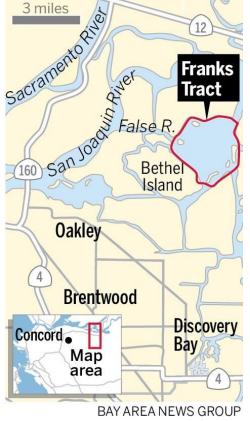
Over the past several years, the Department of Fish and Wildlife has been studying ways to restore a section of the underwater state park to marshland with the aim of reducing saltwater intrusion into the Delta.

The project, spearheaded by the Department of Fish and Wildlife in collaboration with the Department of Parks and Recreation and the Department of Water Resources, originally faced opposition because it would have split the submerged Delta island in two, blocking off False River to the detriment of recreationists and local businesses that rely on it.

Carl Wilcox, California Department of Fish and Wildlife policy adviser, said none of the new suggested options for restoring the tract block off False River.

The department has met several times with a local advisory group of recreationists, fishermen and homeowners over the past year to revise plans, Wilcox said. They're now down to three options that feature different configurations of navigational channels and positioning of land

masses.



"The preferred option has open water from Bethel Island to Franks Tract, so there is still a view of the water (from the island)," he said, noting the marshes would be at the northern and eastern ends of the tract.

Doing nothing is still an option, but not a good one, Wilcox said.

"If we do nothing, it continues to degrade," he said. "It stays a weedy place, the levees that protect Piper Sough and waterfront portion of Bethel Island will be more exposed as the sea level rises and the levees will continue to erode."

One thing most agree on is creating conditions that are better for recreational purposes, he said. That includes the possibility of developing some beaches and small inlets for boats to anchor, as was the case in the past, he noted.

"The level of that development is really driven by the (state) park's ability to service that and maintain it," he added.

Cutting back submerged aquatic weeds and reducing the invasive nonnative fish that feed on native fish such as the endangered Delta smelt and Chinook salmon have been proposed as well.

Also being considered is dredging and removing aquatic weeds to improve boat access, providing day-use areas and enhancing conditions for observing wildlife.

The project is being funded by Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006.

For more details, go to https://franks-tract-futures-ucdavis.hub.arcgis.com/

East Bay Times

Park It: District plans to OK land use for Navy's old Concord site

Board of Directors intends to certify EIR, approve proposal for former weapons station



Jose Carlos Fajardo/staff archives

A cyclist rides last July past the area designated to become Concord Hills Regional Park on the day of a formal signing ceremony at the former Concord Naval Weapons Station. Some 2,216 acres between Kirker Pass Road and Highway 4 were transferred to the East Bay Regional Park district to create the new regional park in partnership with the National Park Service.

By Ned MacKay | East Bay Regional Park District PUBLISHED: June 7, 2020 at 5:00 a.m. | UPDATED: June 8, 2020 at 5:34 a.m.

Amid all the coronavirus-related measures, the East Bay Regional Park District is continuing its regular work of planning and opening new parklands for public enjoyment, wildlife habitat protection and historic preservation.

For instance, the district's Board of Directors plans to certify an environmental impact report soon and approve the land-use plan for the new Concord Hills Regional Park. Concord Hills, for which a permanent official name will be determined at a later date, is the former Concord Naval Weapons Station. After many years of community and park district advocacy for access to the closed weapons station's land, the U.S. Navy recently deeded about 5,028 acres of the land for civilian use. Part of it is assigned to the city of Concord, part to the park district.

Last July, at a formal signing ceremony, 2,216 acres were transferred to the district to create a new regional park in partnership with the National Park Service. The property is between Kirker Pass Road and Highway 4. The plan calls for hiking and riding trails, picnic sites at some of the former military structures and a visitor center that will include exhibits on the history of the site, from Native American habitation to the present. The center will be in a restored and redesigned existing building.

Completion of work on the land-use plan and subsequent public access to the new park won't occur for several years. The first access will likely take the form of guided hikes through areas at the south end of the property that have remained in a generally natural state. You can find more information about Concord Hills and take a virtual tour of the new park by visiting the park district's webpage on it, ebparks.org/parks/concord_hills.

Ned MacKay writes about East Bay Regional Park District sites and activities. Email him at nedmackay@comcast.net.

East Bay Times

East Contra Costa firefighters will only enter burning buildings to save lives, chief says

Helmick: With district stretched to limits, new defensive strategy needed to protect responders



Jose Carlos Fajardo/staff archives

East Contra Costa Fire Protection District firefighters battle a blaze Oct. 27 on East Cypress Road in Knightsen. Starting next month due to limited staff and funding, the district's firefighters won't enter burning structures unless lives are at stake, one of the "new urgent measures" district Chief Brian Helmick said he's had to enact.

By <u>Judith Prieve</u> | <u>jprieve@bayareanewsgroup.com</u> | Bay Area News Group PUBLISHED: June 11, 2020 at 1:01 p.m. | UPDATED: <u>June 12, 2020</u> at 9:31 p.m.

Beginning on July 1, firefighters in eastern Contra Costa County won't enter burning structures unless lives are at stake.

That's one of the "new urgent measures" East Contra Costa Fire Protection District Chief Brian Helmick said he's enacted because of limited funding and staff.

"There are many realities and many forces that are driving the decision I am making," Helmick said at a news conference on Thursday. "We really don't have any choice, being underfunded and under-resourced."

Helmick said having only three fire stations instead of the six needed to cover 250 square miles is "pushing (the district's 30) firefighters to their limits as they respond to twice as many calls for help."

"If there is not a life-safety issue — if there's not somebody inside — you need to do the best you can to fight the fire from the exterior to the interior, but you cannot be aggressive and overextend yourself," he said. "If we have a situation in which firefighters get trapped or we become hurt, we are our own 911 system. ... Until we can address our resource issue and give firefighters the resources they need to do their jobs, we need to take a safe, effective approach."

East Contra Costa Fire is the only agency in the county or anywhere that he knows of that has such a strategy. The chief, who took the helm three years ago, said in an interview that he had planned to seek an assessment fee to bolster the department's revenue but that when the coronavirus pandemic hit, he decided to wait until later this year to consider a different tiered approach to funding new stations.

"I cannot dismiss the impact of COVID-19, monetarily, financially and economically," he said. "... I have been trying to delay in taking this extreme measure (the defensive strategy), but I can't wait until November. It's the hardest decision I have made in my career."

Helmick said another factor in his decision is that the district has leaned heavily on neighboring fire agencies for mutual aid but that these days they are financially strapped as well.

"We have great regional partners," Helmick said. "They have subsidized us for a long time, and those agreements continue to be strained, and that is our problem. ... As a fire chief, we have to further adjust and restrict the further drain on our outside neighbors because we do not have the adequate resources to do our job effectively, so that's why I have to pump the brakes on how aggressive we are as a fire agency for firefighter safety."

Helmick acknowledged the timing is bad because the wildfire season is getting underway. All public outreach events and station visits will be eliminated indefinitely, he added.

"These are not steps we want to take — and candidly, they may not be the last. We may have to consider other, even more drastic measures," Helmick said. "The reality is, we have to live within our means and keep our firefighters safe."

Helmick said the district's six staffed fire stations were reduced to three in 2015 — not enough to protect a population of more than 128,000 people in Brentwood, Oakley, Discovery Bay, Bethel Island, Knightsen, Byron, Marsh Creek and Morgan Territory. District board president Brian Oftedal and firefighters union president Vincent Wells said they support the new measures.

"If we only risk lives if lives are in danger, then that is what we have to do, and the fire board is backing that decision," Oftedal said.

Though some residents questioned the decision on the Facebook live news conference and afterward and expressed concern about how it could lead to higher insurance rates, Bob Mankin, of Discovery Bay, agreed something should be done.

"I've advocated on this issue for more than 10 years, been in hundreds of meetings, invested probably a couple thousand hours of my personal time," he wrote. "All viable options have been considered."

Sean McCauley, who owns 24 buildings in Brentwood, said he was not opposed to an assessment fee, especially if it is based on "a stair-step approach" to gradually build stations.

"If that (the defensive-stance policy) is what's going to happen, we really need to think seriously about funding this tax initiative because that (approach) is going to be extremely detrimental to property damage and people's homes and pets — you're not going to go in there for a pet. People seriously need to think about it if that's going to be the policy."

Once served by volunteers and comprised of several city and town departments, the rural fire district was created in 2002 and had eight stations at its height. The district's financial woes date back decades to when the area's population was much smaller and volunteer firefighters provided service. In 1978, Proposition 13 cemented the property tax allocation for the fire district at about 7% — far less than the average 12 to 14% elsewhere, leaving the fire agency with less money than other area agencies.

Helmick said the rate made sense at the time but not now. In recent years, the district has tried to shore up its funding sources by pushing for a parcel tax, assessment fee and utility-user tax, but all those measures were defeated at the ballot box.

"The reason it's a big issue is the fire district, the cities, the county, all of us collectively, have not addressed growth effectively over time," Helmick said. "The funding was set to pay for a volunteer fire organization; growth has continued over the last couple of decades, and the fire district did not put in appropriate mitigation measures to increase the revenue incrementally, slowly over time; as growth continued, that created the existing deficit," which is at least \$10 million.

One Brentwood resident, Bryan Scott, has tried for several years through a group he founded, East County Voters for Equal Protection, to look for ways to increase revenue. Earlier this year he began gathering signatures for a voter initiative campaign, but the pandemic put a stop to that.

"The group is now seeking to have the city of Brentwood place the Initiative on the November ballot without signatures, due to the extreme emergency the region is facing," he said.

"We will continue to explore all options as we move forward," Helmick said. "No options are off the table."

East Bay Times

East Contra Costa growth-control measure headed to voters

Let Antioch Voters Decide initiative would preserve large swath of land, make development more difficult



Mount Diablo can be seen in the distance along the closed portion of Empire Mine Road, which some want to develop and others want to preserve in Antioch, Calif., on Thursday, March 23, 2017. (Susan Tripp Pollard/Bay Area News Group

By <u>Judith Prieve</u> | <u>jprieve@bayareanewsgroup.com</u> | Bay Area News Group PUBLISHED: June 10, 2020 at 2:38 p.m. | UPDATED: <u>June 12, 2020</u> at 9:49 p.m.

Voters will decide in November whether to make permanent the city's growth boundary and preserve parts of a large swath of undeveloped land in southernmost Antioch.

If the initiative passes, only previously approved projects or those specifically approved later by both voters and the City Council would be allowed in the Sand Creek Focus area west of Deer Valley Road and east of Black Diamond Mines Preserve, or beyond in the nearby urban limit line.

Backed by environmentalists and some residents, the Let Antioch Voters Decide growth-control initiative aims to preserve open space, ridges, hills, streams and wildlife habitat in the Sand Creek area and beyond the urban limit line that would disappear at the end of the year unless retained by voters.

Save Mount Diablo's Seth Adams, a spokesman for a coalition of Antioch residents and organizations that drafted the 17-page initiative, along with several others, asked the City Council on Tuesday to place it on the Nov. 3 ballot and formally endorse it.

He said 9,000 Antioch voters signed the Let Antioch Voters Decide initiative petition in 2018 to qualify it for the ballot. "The measure easily qualified and has strong community support... They love the city's beautiful open spaces and they want to carefully manage development and traffic."

The Antioch City Council adopted the initiative that year, along with the developer-backed West Sand Creek initiative for the same general area. But in 2019 a judge agreed with a different developer that both initiatives weren't properly adopted and ordered the environmentalists' one to be placed on the ballot.

Adams also noted that the initiative was not invalidated but rather the courts changed the process for how it would go before voters.

To varying degrees, both initiatives would have blocked large-scale development not already approved in the Sand Creek Focus Area, which includes 2,712 acres of rolling hills and flatlands on the city's southern border. Their focus had been on preserving open space between Black Diamond Mines Regional Preserve and Deer Valley Road, but both also made it more difficult for The Zeka Group and Richfield/Oak Hill Park Co. on the western edge to develop land without voter approval.

At Tuesday's council meeting, a dozen community members supported placing the environmentalist-backed initiative on the ballot despite the potential legal challenges from developers.

In addition to barring non-rural development in the Sand Creek Focus Area, the Let Antioch Voters Decide initiative would designate 1,850 acres west of Deer Valley Road as rural-residential, agricultural and open space and would designate as permanent the growth boundary. Changing the growth boundary's designation after that would require voter approval.

"I grew up in Antioch and find the hills and open space throughout the town to be absolutely beautiful," wrote Evan Gorman, who originally collected signatures for the initiative. "They have a deep connection to my life and to my parents who also grew up in.... Protect the land we love."

Dave Sharp called the Sand Creek Focus area the "prettiest stretch of Antioch."

"Please let the citizens decide," he wrote of the scenic gateway to the city. "Sand Creek is important. Go ahead and develop all you want but not west of Deer Valley Road."

But Andrew Bassak, the attorney who represents the Zeka Group, which sued to challenge the initiatives last year, said the city could face costly legal consequences if it places Let Antioch Voters Decide on the ballot.

"The terms of the initiative would materially and negatively impact Zeka's property," he said of the group's 640 acres in the western area that would be affected by the measure.

He said this isn't a good time for the city to put the initiative on the ballot, with legal appeals still pending.

Bassak said doing so will cost the city more than \$100,000 and likely result in additional legal fees to fight court challenges.

Even so, Mayor Pro Tem Joy Motts and others were in favor of placing it on the ballot.

"Not only did 9,000 of our citizens vote to put this measure on the ballot, but the courts ruled the initiative must be put on the November 2020 ballot," she said.

Though the council unanimously decided to take the Nov. 3 ballot route, it chose not to include any city argument for or against the initiative.

East Bay Times

EBMUD appoints first Asian American as general manager

Chan led district's response to PG&E power shutoffs, coronavirus pandemic.



Clifford Chan is appointed the new general manager of the East Bay Municipal Water District. Chan becomes the first Asian American named as the district's general manager. (EBMUD)

By <u>Jon Kawamoto | jkawamoto@bayareanewsgroup.com |</u> Bay Area News Group PUBLISHED: June 11, 2020 at 6:02 a.m. | UPDATED: <u>June 12, 2020</u> at 10:56 a.m.

OAKLAND — The East Bay Municipal Utility District has appointed its first Asian American as general manager.

EBMUD directors made the selection at their Tuesday meeting, naming Clifford C. Chan, a 23-year employee, to replace Alexander R. Coate, who is retiring after 27 years. Coate served 10 years as general manager.

"It is an honor to be chosen to lead EBMUD during this critical time in our history," Chan said in a statement before the board meeting. "We face many challenges and changes as we near our centennial, but I am confident that with the support of our dedicated staff, management and board of directors, we will continue to serve and support our diverse East Bay community, grow our local economy and protect our natural resources."

Chan, 49, earned a bachelor's degree in civil engineering and a master's degree in geotechnical engineering from the University of California, Berkeley. He joined EBMUD in 1997 as a junior engineer. In February 2018, Chan was appointed to lead EBMUD's operations and maintenance department.

In that job, Chan put into place the district's plan to increase the number of miles of pipes replaced each year, putting EBMUD on track to upgrade 17.5 miles this year, up from around eight miles in 2010. He also has led the district's response during coronavirus pandemic and PG&E's public safety power shutoffs last fall, according to a release.

The East Bay Municipal Utility District serves 1.4 million customers in Alameda and Contra Costa counties. EBMUD's wastewater treatment has 685,000 customers.

East Bay Times

Bob Taylor, Brentwood's longest-serving mayor, to hang it up

Known for colorful attire, antics, he's been at job 14 years, on council and school board beforehand



Jose Carlos Fajardo/staff archives

Four-term Brentwood Mayor Bob Taylor, above, has announced that he will not seek re-election this year. Known for his brightly colored suits, outlandish ties and hats and his easygoing personality, Taylor, who was elected mayor in 2006, has served in that role longer than anyone else in Brentwood's history.

By <u>Judith Prieve</u> | <u>jprieve@bayareanewsgroup.com</u> | Bay Area News Group PUBLISHED: June 18, 2020 at 10:00 a.m. | UPDATED: <u>June 19, 2020</u> at 1:43 p.m.

BRENTWOOD — Known for his brightly colored suits, outlandish ties and hats and his easygoing personality, four-term Mayor Bob Taylor is ready to hang up his fedora when his term expires in November.

Taylor, who was elected mayor in 2006, has served in that role longer than anyone else in Brentwood's history. He previously served two years on the City Council and 12 years on the Liberty Union High School District Board of Trustees.

"It's time for someone else to take the leadership role," he said in announcing his departure. "I've served my time. It's good for new people to come in, and you'll have new ideas and better ideas."

Taylor, called "Uncle Bob" by many, later said he felt "like a weight has been lifted after 28 years."

"If it were a two-year term, I'd go for it — it's four years — and the whole world has changed now," he said, referring to how the coronavirus pandemic has transformed ordinary life for most people.

When he first became mayor, Brentwood was a town of 18,000 — now it has a population of some 68,000. Bringing the city recognition for all it has to offer, including its rich agricultural traditions, business and recreation opportunities, was one of his biggest accomplishments, he said.

"We ceased to become a sleepy little farming town and transformed into a bustling unified great city to raise a family," he said. "Brentwood is now on the map."

Not one to sit idle, the colorful mayor didn't shy from the spotlight, donning bright orange, purple or yellow suits and matching hats and ties to celebrate functions such as the openings of the downtown Brentwood Library and the Brentwood Senior Activity Center or to honor local theater troupes at the regional Shellie Awards in Walnut Creek.

Vice Mayor Joel Bryant said "almost everyone in Brentwood" likes "fun-loving Uncle Bob. ... But I have seen him as a politician, a mayor, and behind the closed doors. He is passionate about the city of Brentwood, and he has a knack for getting people just as impassioned about his causes," he said, adding that Taylor also helped establish a good name for the city in the business community.

Taylor also garnered attention for the Brentwood Regional Community Chest holiday program, dressing up like a turkey for several years and asking for donations. He also donned the costume to make a point with students learning about government.

"Everyone called politicians turkeys, so I decided one year to dress up as one and it went beyond my expectations," Taylor said, noting he raised \$10,000 one year. "I went everywhere. Everyone wanted to give the turkey money ... I think people took it in good humor and knew it was for a good cause."

Though the mayor's antics and often-bright attire may have surprised some, Bryant said, "yes, he's crazy, crazy like a fox. ... Everything he has done is to get people's attention for Brentwood. Not only does he have a plan but a plan on how anyone can be involved in accomplishing things, and that really makes a difference."

Fellow council member Karen Rarey also applauded Taylor, noting that "through his leadership, seniors in our community have a place to call home at the Brentwood Senior Activity Center, which after 10 years in service is so widely used that is already busting at the seams."

Most recently, Taylor also rallied volunteers and gathered donations to build a gazebo for City Park, a promise he made after the last one was torn down to make way for the then-controversial new City Hall, which some thought was too big.

"The gazebo was an old icon in Brentwood, and people had cherished memories of taking photos there and more, and I wanted to make sure I would give them back their memories," he said.

Taylor also gave residents a 9-by-7-foot red wooden chair in 2017 to enjoy photo opportunities with Santa and others at City Park. Another of Taylor's projects, a giant grandfather clock, will be installed soon at that same park. In his role as mayor, Taylor also has sat on some 20 local or regional boards and committees, and he has long worked on transportation issues.

"Bob has been instrumental in improving traffic conditions in town through the building of both the Sand Creek and Balfour Road overpasses," Rarey said.

Randy Iwasaki, the Contra Costa Transportation Authority's executive director, called Taylor a "master marketer," recalling how he once gathered all major regional and local leaders to Sand Creek Road and the old state Highway 4 bypass, where he had envisioned an overpass to improve traffic flows.

After the gathering, Iwasaki said he got stuck at the three-legged intersection, unable to turn left to return home because of the long line of cars. A U.S. representative and his entourage, meanwhile, tried to head back to Sacramento via the Highway 4 bypass and got lost, unable to connect with Highway 160 to go north. It was a moment that convinced the leaders of the need to secure money to improve East County transportation.

"He (Taylor) understood the benefit of good transportation in East County — he had to get his corn out of Brentwood ... and cherries to market," Isawski said, noting that they eventually scored a \$25 million grant to build the interchanges at Sand Creek Road and Lone Tree Way.

Taylor, a 44-year Brentwood resident and grandfather of five, said he has no regrets about his long career in public service. And though he plans to stay in Brentwood, he says he will have to search for hobbies because he never had time for them before.

"I am just pleased with the way the city has progressed," Taylor said. "I really thank the people who elected me all those many years so a lot could be accomplished, and for the most part, everything was good. I would do it all over again."

East Bay Times

Lafayette warned to act soon on big housing project — or risk more than \$15 million in legal fight

Attorney says decision must be made on Terraces of Lafayette by Aug. 3 — or litigation will be the next step.



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 <u>Jon Kawamoto | jkawamoto @bayareanewsgroup.com |</u> Bay Area News Group PUBLISHED: June 22, 2020 at 12:03 p.m. | UPDATED: <u>June 22, 2020</u> at 1:13 p.m.

LAFAYETTE — The attorney for the developer of a controversial 315-unit apartment project is warning the city that repeated delays on a decision could wind up costing Lafayette more than \$15 million in a court fight.

The Terraces of Lafayette was on the June 15 agenda of the Lafayette Planning Commission, but the commission delayed a vote on the project until the June 29 meeting, pending further studies on the traffic impacts and potential for wildfire evacuation near the project. The 22-acre site is located at Deer Hill and Pleasant Hill roads.

In a sharply worded letter sent to the city on June 13, attorney Bryan Wenter pointed out the city has delayed hearings on the Terraces four times this year and "could be perilously close" to

rejecting the project by failing to act within the 90-day period specified by the state's Housing Accountability Act.

According to Wenter, the decision on June 29 will be appealed to the Lafayette City Council—either by the developer O'Brien Homes of Menlo Park or the grassroots group Save Lafayette, which has opposed the development for years—leaving the city only two more allowed meetings under state law. Wenter said, under the 90-day period, the city will have to make a decision by Aug. 3.

He detailed the city's legal expenses if it fails to act by Aug. 3: payment of the city's attorney's fees and of O'Brien's attorney's fees if the developer wins in court; the costs of preparing the extensive documents; and potential fines of \$15.75 million.

"As much as O'Brien does not wish to test these issues in court, the city should be working overtime to ensure O'Brien is not put in that avoidable position," Wenter wrote in his letter to the city's attorney on the Terraces, Robert Hodil.

"Rather than continuing to placate Save Lafayette and other project opponents who will raise any issue they can imagine regardless of how implausible under California land use law," he said, the city should "take all actions necessary" to schedule hearings expeditiously, including at least one special meeting.

Lafayette city officials did not respond to a request for a comment.

The state's Housing Accountability Act takes away some local control regarding affordable housing projects because of California's housing crisis. The Terraces project has set aside 20 percent of its 315 apartments — 63 in total — for affordable housing.

The Terraces apartment project dates back to March 2011. It has been the subject of more than 20 public hearings and a lawsuit, as well as a state court ruling.



https://danvillesanramon.com/blogs/p/print/2020/06/30/san-ramon-project-receives-green-seal-of-approval?utm_source=express-2020-07-01&utm_medium=email&utm_campaign=express

By Tim Hunt

San Ramon project receives green seal of approval

Uploaded: Jun 30, 2020

It's notable that the San Francisco-based Greenbelt Alliance has found a project in the Tri-Valley that it favors.

It's been battling against what it views as "sprawl" literally for decades. That included opposing the Daugherty Valley project as sprawl despite putting 30,000 people between business centers that employ more than 100,000 people. It arguably was infill housing. The same goes for the wasted open space in Northern Livermore where agriculture is marginal at best, Look at it from a broader perspective and it's putting housing closer to jobs instead of over the Altamont Pass where there is prime agriculture soil being transformed into housing.

The surprise is that the alliance formally endorsed the CityWalk Bishop Ranch Mix-Use Master Plan in San Ramon. The proposal now is working its way through the city planning process. It calls for transforming the Bishop Ranch Business Park, where about 30,000 people are employed into a true mixed-use neighborhood. The plan calls for 4,500 high-density units on 111 acres (the park totals 585 acres) with 15% reserved for low or very low-income residents. It also includes a 169-unit hotel and 170,000 square feet of office and retail uses.

It's a bold plan to create a more urban environment in keeping with the CityWalk project that opened last year. CityWalk's mix of retail, restaurants and entertainment likely was designed with the thought of lots of residential within walking distance. The housing will cover surface parking lots that surround 2600 Camino Ramon, the one-million square-foot building that was originally built for Pac Bell.

The plan calls for 10 acres of neighborhood parks, plus recreational use on two lakes (you can already use a paddle boat on the existing lake). An amphitheater is proposed lakeside along with 11 acres in a parkway system with bike paths that are off streets.

The draft environmental impact report was released in May and the comment period is scheduled to end Thursday. The Planning Commission held a public hearing by teleconference on the draft report earlier this month.

Should city leaders approve the project, it will be built over 20 to 30 years. It also includes a new community center.

The Greenbelt Alliance's announcement read, "This plan makes significant progress towards the development of a more dynamic urban form for the City of San Ramon, encouraging pedestrian and bicycle transportation for work, school, and recreation.

The Bay Area needs more developments like this that help to reduce greenhouse gas emissions and the human impact on the environment. San Ramon currently has a large job center with more than 30,000 employees at Bishop Ranch. With this proposed increase in multi-family housing units, more people will be able to live close to where they work, reducing vehicle miles traveled which will result in a reduction of greenhouse gas emissions."

Bishop Ranch, for years, has offered robust transportation alternatives to lessen single-passenger vehicles. That includes bus service from the BART stations in Walnut Creek and Dublin. It also offers an autonomous vehicle shuttle in the park as well as bicycles and a free shuttle every 15 minutes on workdays that travels around the park.

KQED film probes impact of West County hospital closing

By Chuck Barney

Correspondent

Among the heartbreaking stories revealed in "The Desert," a KQED documentary that premiered Friday is the plight of Epigmenio and Angelica.

They are an elderly, low income couple, both of whom are cancer patients. Because there is no public hospital in their West Contra Costa County city that can handle their needs, they must devote nearly a full day every month to travel — via three different buses — to a hospital in Martinez for their appointments.

That's the kind of physical toll that they, and many of their fellow West County residents, must pay since the closing of Doctors Medical Center in San Pablo in 2015.

Directed by UC Berkeley journalism professor Bo Kovitz, "The Desert" is the latest installment in KQED's "Truly CA" series, which showcases independent short documentaries about life in the state. It offers an intimate look into the devastating impact that the closing of DMC has had on its community.

The facility, which stood for 60 years, was the only full-service public hospital for more than 250,000 primarily low-income residents in West Contra Costa County.

Following patients and front-line workers on the ground, Kovitz's film reveals the multifaceted impact of the loss of a major safety net institution as those in the community travel further and most overcome various barriers to health care.

At one point in the film, Aimee Skaggs, a West County paramedic, addresses the excessive ambulance transportation times — often upwards of a half hour — required to deliver patients to distant medical facilities.

She notes that, with the closure of DMC, the Richmond- San Pablo area lost a STEMI center crucial to treating heart-attack victims.

Says Skaggs of the time-and- distance urgency: "It really makes or breaks whether people are debilitated for the rest of their lives."

In a statement posted on the film's online page, Kovitz says, "When I began research about Doctors Medical Center, it struck me that it's not rare in our country for a hospital to close. I read about hospitals closing in rural communities and others moving out of poor, predominantly black and brown neighborhoods into richer ones. I wanted to capture the lived experience and deepen our understanding beyond just reading words on a page. I wanted to see and hear the faces and voices of the people directly impacted by the loss of an institution so many of us take for granted."

"The Desert" is available to view on the Truly CA website, kqed.org/trulyca, as well as the KQED Arts YouTube page. *Contact Chuck Barney at or 925-952-2685*.



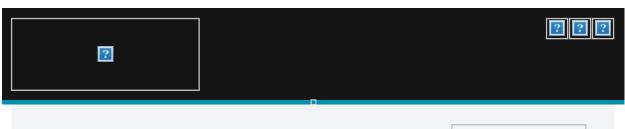
A new KQED film examines the impact on West County residents of loss of Doctors Medical Center, which shut down in 2015.

From: Neil McCormick
To: Sherrie Weis

Subject: CSDA eNews 7/21/20: As the State Legislature and Congress Wrap Up, What's at Stake for Special Districts?; 2020 CSDA

Board Election Results!

Date: Tuesday, July 21, 2020 11:03:21 AM



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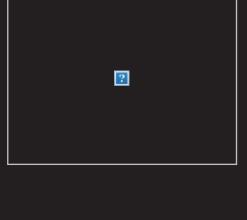
CSDA WEEKLY NEWSLETTER

July 21, 2020



As the State Legislature and Congress Wrap Up, What's at Stake for Special Districts? With just over a month left in the 2019-2020

With just over a month left in the 2019-2020
California State Legislative Session ending on
August 31, 2020 at midnight, many logistical
questions about how the Legislature will operate
are left unanswered. The Legislature will reconvene
on July 27th to act on hundreds of pending bills,
many of which impact special districts. Download
CSDA's Mid-Year Legislative Report for an in-depth
look on the status of all CSDA-advocated
legislation for 2020. READ MORE



2020 CSDA Board Election Results for 2021 – 2023 Term

NORTHERN NETWORK: Fred Ryness, Director,

Burney Water District SIERRA NETWORK: Pete Kampa, General Manager,

Groveland Community Services District BAY AREA NETWORK: Stanley Caldwell, Director,

Mt. View Sanitary District

CENTRAL NETWORK: Steve Perez, General Manager, Rosemond Community Services District COASTAL NETWORK: Vincent Ferrante, Director,

Moss Landing Harbor District

SOUTHERN NETWORK: Arlene Schafer, Director,

Costa Mesa Sanitary District

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With \$393.3 million available, December 14, 2020 is the deadline to apply for the fourth round of grant funding through the Statewide Park Program (SPP). This funding is established through Proposition 68, or the 2018 Bond Act, and is ultimately a continuation of funding that was first made available through the previous Proposition 84, or the 2006 Bond Act. Proposition 84 initially made funds available and the SPP was...

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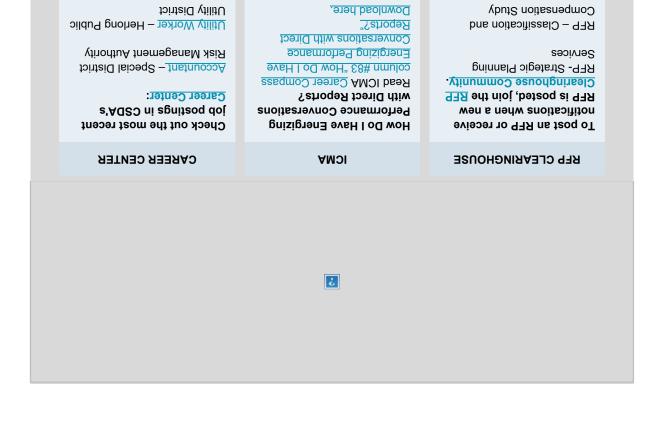
DMTD Video Contest Scholarship

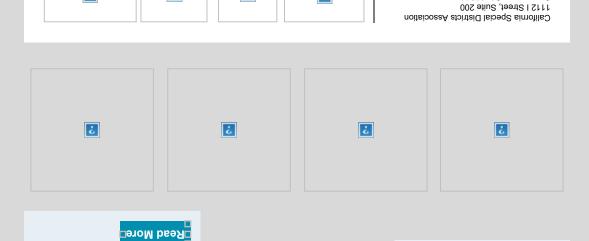
High school and college students are invited to participate in our <u>Student Video Contest</u> this summer. It's a great opportunity to get our youth engaged in local government, as well as to educate the public on the essential services provided by our state's more than 2,000 special districts.

Contestants have the opportunity to win a scholarship, as well as additional prize money for their teachers to support distance learning efforts. Deadline is September 30.

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East Bay Times July 31, 2020

A plan to build 1,500 homes in the hills southwest of Pittsburg cleared its first major hurdle with this week despite the opposition of environmentalists and hillside preservationists.

After five hours of virtual discussions marred by technical difficulties, the city's Planning Commission voted 4-3 to recommend the Faria/Southwest Hills project for City Council approval.

More than 120 letters and comments from agencies such as the East Bay Regional Park District, environmentalist groups, residents and others were read during the meeting.

Seeno/Discovery Builders had asked the Planning Commission to recommend a development agreement and an amendment to the city's general plan that would allow construction on the hillsides.

The developers also sought its environmental documents for the project, which envisions construction of homes on 341 acres and preservation of 265 acres of open space.

"We want to make it a wonderful project here," developer Albert Seeno III said. "Not everyone wants to see nothing done with the property. There are people that do want to have a house there..."

Plans to develop the hills date back to 2005 when voter-approved Measure P moved the Faria site within Pittsburg's urban boundary. The city approved an agreement with Seeno that established guidelines for a permanent greenbelt buffer along the inner edges of the boundary.

The Concord-based developer filed an application in 2010, modified it in 2014 and again in 2017.

Some commissioners and others said they wanted to see more specificity in the developer's plan, but City Planning Manager Kristin Pollot said it met all the minimum requirements.

Critics, including environmental groups like Save Mount Diablo, say the developer has not provided enough detail to assess the project's impacts, including about the new regional park on the Concord side of the hills.

"The fundamental flaws of the project and its environmental review have not been addressed," said Juan Pablo Galván, Save Mount Diablo's land use manager.

"They are doing a rush job and they don't have any details but they want it approved anyway," he added.

Galván especially took issue with the proposed general plan amendment that would strike out wording that protects the hillsides.

"They are trying to eliminate the very part of the general plan that would protect the hills and slopes," he said.

Former mayor and longtime resident Nancy Parent agreed.

"There will be mass grading, including wiping out two ridgelines. Once done, it cannot be retrieved," she wrote. "The views of the hills are an asset to everyone in Pittsburg."

Jazmin Hernandez also had concerns.

"The Faria/Southwest annexation project will wreak havoc to current Pittsburg residents and wildlife," she wrote. "It will increase traffic in Pittsburg and threatens the new regional park on the Concord side of the hill. It would have significant negative impacts on wildlife and would seriously degrade the beautiful hills."

"Why am I not surprised that the city of Pittsburg would railroad a momentous far-reaching development project through the approval process in these pandemic times with a less than adequate public hearing, virtual meetings that curtail full participation and engagement from the public with the Planning Commission," Bay Point resident Raymond O'Brien wrote.

Lou Ann Texeira of the Local Agency Formation Commission (LAFCO) noted the agency has sent six letters since 2006 expressing concerns about the scope of the environmental review, boundary issues and cumulative impacts, among other issues.

A few residents, though, wrote in support of the project.

AJ Fardella noted the plan includes a basketball youth center. "The Faria development will be a great addition for Pittsburg, provided the essential support for our community is accompanied with it."

Seeno noted that since the project is not yet within city limits, it could be "years down the road."

"This project is not going to be built over the next 15 years," he said. "It will be bit off in small chunks the way San Marco was built."

Louis Parsons, president of Discovery Builders, addressed the hillsides.

"One of the biggest concerns was the very high ridges along the border between Concord and Pittsburg, and the major features are being preserved," he said.

Commissioners were split on whether to recommend the project, however.

Commissioner James Coniglio, who motioned to recommend it, said the homes are needed and could help attract a higher-end grocery store on a nearby commercial site.

"This is a really big deal," Vice Chairman Christopher Moreno said. "It's extremely important to a lot of people. Our hills, preservation and a lot of it is really tied back to a lot of the difficulties we are feeling in the community — traffic issues, city schooling issues, recreation issues and commercial amenities. A lot of these things we can't put on the developer."

Still, Moreno said, he can't support the current plan because of the general plan amendment allowing hillside development.

"People want to see the hillside preserved and build with the natural topography of the area and I think that should stay in place," he said.

Commissioner Elissa Robinson said that while the project offered some benefits, she wanted to see more details and a smaller footprint.

"With this project, we have an opportunity to build something that could be amazing and could be groundbreaking if we do it properly," she said, noting the Faria plan is "kind of a definition of urban sprawl."

Commissioner Trinh Nguyen also said she had mixed feeling about the project and thought that the environmental reports were released too late for residents to review them.

"I encourage the application to lessen the footprint," she said.

Commissioner Wolfgang Croskey said he could support the project, as it meets current standards.

In the split decision that followed, Moreno, Robinson and Nyguen dissented.

Because the area must be annexed into the city for the development to occur, LAFCO also must approve it in addition to the City Council.

San Francisco Chronicle

The apartment proposal that sparked Lafayette's housing war is back. Can it win approval?

Rachel Swan July 30, 2020 Updated: July 30, 2020 8:28 p.m.

Terraces of Lafayette, a proposal for 315 apartments on 22 acres that's been stymied by conflict since 2011, will get its next hearing on Aug. 10. It's an opportunity for residents to either show support for dense housing a mile away from the Lafayette BART Station, or urge the city to keep its cow-dotted hillsides bare.

The fight is rekindling at a moment of political awakening for the city that was once a poster child for affluent "white flight" suburbs, known for good schools and rambling homes with sport utility vehicles in the driveways. The city's mission is to preserve its "semirural" terrain, and its politicians have loudly decried state bills to build affordable homes near transit hubs. When a new development came before the City Council, neighbors lined up to oppose it, while prohousing activists swooped in from out of town, chiding Lafayette for intransigence.



Now "the climate has certainly changed," said Jeremy Levine, a housing proponent who recently formed the grassroots group Inclusive Lafayette with his brother Benji Levine. They hope to create a more vibrant city by encouraging dense housing, including the Terraces apartments. Others have joined them, and public comment at city hearings has become more evenly split.

The City Council scheduled the hearing after Councilman Cameron Burks appealed the project, which was approved by the Lafayette Planning Commission in the wee hours of the morning on July 1, following a grueling 7½-hour meeting.

"I felt the project itself was of such profound importance that it needed to come before the elected City Council," Burks said, adding that he does not know which way he will vote. While some residents have come around to support new apartments, the project's most vocal opponents are standing firm. They say the development would bring traffic, choking Pleasant Hill Road — the main artery that feeds Highway 24 — and potentially blocking emergency vehicles. A

nonprofit called Save Lafayette, which is dedicated to preserving the city's historic character, also cites fire risks, noting that people and fuel from buildings often cause wildfires.

"Lafayette has provided more housing per capita than any other city in the county and perhaps the state," Save Lafayette spokesman Michael Griffiths wrote in an email. "With limited infrastructure, our little town is being crushed by housing projects. We need jobs not housing."

Permit records show that from 2015 to 2017, Lafayette met its regional targets for above-moderate-income housing, with 163 permits pulled. But it fell far short in permitting moderate, low, and very-low-income homes. Those targets are set by the state but seldom enforced.

Developer O'Brien Land Co. submitted its application for the moderate-income project in March 2011, targeting a grassy slope at Deer Hill and Pleasant Hill roads, just north of Highway 24. Two years later, O'Brien tabled the plans and opted to build 44 single-family homes instead — a compromise that city officials proposed after residents balked at the idea of tall apartment buildings.

The Terraces timeline

2011: O'Brien Land Co. submits an application for 315 moderate-income apartments on a 22-acre parcel at Deer Hill and Pleasant Hill roads.

2013: Lafayette officials present an alternative proposal for 44 single-family homes, saying it's more in tune with the city's semirural character.

2015: California Renters Legal Advocacy and Education Fund, then under the name SFBARF, sues Lafayette for scrapping the apartment proposal.

2016: Save Lafayette sues the city, calling for a referendum on the 44-homes project.

2018: Save Lafayette wins on appeal and the city places a referendum on the June ballot. Voters defeat it. O'Brien formally asks the city to revive the 2011 application for the 2011 Terraces project.

2019: The city begins a new environmental review of the project.

2020: The Planning Commission approves the project. A city councilman appeals it, prompting a public hearing before the Council on Aug. 10.

That's when the legal skirmishes began. A group of <u>pro-housing city dwellers</u> sued Lafayette in 2015 for scrapping the apartments, the first bout in what became a statewide "Sue the Suburbs" campaign. The plaintiff, California Renters Legal Advocacy and Education Fund, cited the Housing Accountability Act, which bars cities from rejecting development for arbitrary reasons — in this case, because an outspoken faction of Lafayette residents wanted to preserve the scenic aspect of the city.

Thus, bucolic Lafayette became an unwitting catalyst for the "Yes in My Backyard" movement.

But the 44-homes proposal — which also included a dog park, soccer field and tot lot — drew a cold reception from neighbors who wanted no housing at all. Arguing that the project would cause traffic congestion, ruin air quality and blemish the landscape, they coalesced to form Save Lafayette and filed their own lawsuit in 2016.

The YIMBY renter group settled with Lafayette in 2017. Save Lafayette won its suit on appeal, forcing the city to put the project before voters in 2018. The ballot referendum lost, and O'Brien resurrected the original plan.

Though the project is back where it started, it's returning in a new political environment. In September 2018, former Lafayette City Manager Steven Falk, who for years had mediated between the warring factions, had an epiphany and resigned with a letter that criticized the city's reluctance to build new housing.

"All cities — even small ones — have a responsibility to address the most significant challenges of our time: climate change, income inequality and housing affordability," Falk wrote. He said he could no longer keep the job when his priorities diverged so sharply from the city's.

Falk's story became a parable for the region. The movement had started a new conversation on housing, environmental issues and social inequity, and policymakers were listening.

Still, the debate in Lafayette remains tense. And it's playing out against a contentious national conversation. On Wednesday, President Trump boasted on Twitter that he had rescinded an Obama administration rule for cities to build substantial housing at all income levels.

"I am happy to inform all of the people living their suburban lifestyle dream that you will no longer be bothered or financially hurt by having low-income housing built in your neighborhood," the president tweeted, putting housing in direct confrontation with a growing movement for racial justice.

On social media, the arguments are heating up. Jeremy Levine said that even during his short period of advocacy, he's seen Nextdoor posts that express fear and resentment of newcomers, particularly people who are not white. Benji Levine said at least one post contained neo-Nazi imagery. Yet the brothers have also seen residents present their antidevelopment stances in more genteel terms.

"People have not been shy about messaging me directly," Jeremy Levine said.

Some observers speculate that council members may approve the project because they fear another lawsuit, which would batter a city already hemorrhaging revenue amid the COVID-19 pandemic. Were Lafayette to lose in court, it could face \$15.75 million in fines, according to Bryan Wenter, an attorney for the developer.

He seemed watchfully optimistic.

"After nine long years and every form of legal and political challenge, the (Planning) Commission recognized that the Housing Accountability Act required approval of the Terraces," he wrote in a statement, echoing the 2015 YIMBY lawsuit.

"The Terraces will add much-needed apartment housing to the community," Wenter continued. "Because of this vote, more people will be able to enjoy the benefits of living in Lafayette."

Rachel Swan is a San Francisco Chronicle staff writer. Email: rswan@sfchronicle.com Twitter: @rachelswan



Home / News

Municipal Bankruptcy in the Time of COVID-19

The pandemic's devastating economic impact may provide an option for local governments to restructure financial obligations. [PM Magazine, August 2020]

By Ivan L. Kallick, Randall Keen, and Jacob Itzkowitz | Aug 1, 2020 | ARTICLE

The economic impact of COVID-19 is coming into sharper focus, and governmental entities across the country are in the direct line of fire. For example, on May 14, 2020, California Governor Gavin Newsom released a budget proposal projecting a \$54.3 billion deficit for the coming fiscal year. In California, the state's deficit translates into projected deficits for counties, cities, and many special districts that are reliant on state and related variable tax revenues and are already projecting deficits.



Adding to these concerns, many municipalities across the United States are saddled with crushing bond and other debt and pension obligations. Chicago, Philadelphia, and Dallas have less than half the financial resources they need to pay existing pension liabilities.² Most recently, Fairfield, Alabama, filed for Chapter 9 bankruptcy, saying it had "exhausted its options" after several years of declining revenues and outstanding financial obligations.³ Fairfield is located in Jefferson County, which itself went through Chapter 9 bankruptcy in 2011.⁴

The financial problems and declines in revenue are exacerbated in California, where one of the primary ways local governments have dealt with the revenue constraints of Proposition 13 has been to push a larger share of employee compensation to pensions and retirement benefits, leading to massive, unfunded, accrued liabilities. In the face of the looming recession, cities and counties will need to cover rising pension costs with less revenue coming in the door. For example, the city of Santa Monica—a city highly dependent on tourism revenues such as from hotel and sales taxes—adopted a Fiscal Year 2020–21 budget with a nearly 25 percent reduction and has moved to significantly restructure the city's overall operations. In fact, the city is contemplating putting a local funding measure on the November 2020 ballot to raise additional revenue. Cuts of this magnitude and a move to refocus on

core municipal services are unavoidable for most, if not all, local governments given the devastating economic impact of COVID-19.

While states are legally required to pass a balanced budget and cannot file for bankruptcy protection, municipalities and special districts that own, operate, and provide essential services to their residents and constituents may be forced to consider bankruptcy given the depth of the economic crisis.

Chapter 9 bankruptcy may provide an option for local governments unable to otherwise survive the economic downturn and may help them more effectively restructure their operations, workforces, and debt. In addition, Chapter 9 may help struggling municipalities restructure their debt and pension obligations. While there are risks associated with filing for bankruptcy as a municipality, these risks may be offset by the benefits in the current and near-future fiscal environment.

The Law

Chapter 9 of the U.S. Bankruptcy Code permits municipal governments to declare bankruptcy when they are unable to pay their debt service due to a lack of income, generally due to declining tax revenues. This action protects financially distressed cities, counties, and special districts from creditors and allows the filing municipality to create a plan of adjustment to resolve its outstanding debt. Chapter 9 defines municipalities broadly to include a wide variety of governmental entities such as cities and counties, as well as special utility, tax, and school districts.⁷

Most importantly, courts and creditors in a Chapter 9 filing generally cannot interfere with the governmental or revenue powers of a municipality while in Chapter 9. Municipalities filing for Chapter 9 bankruptcy largely retain control of policy decisions, such as spending, municipal services, and public policy. And a municipality cannot be forced to sell property or otherwise dispose of assets. Thus, unlike in widely publicized and used Chapter 11 reorganizations, a municipality in a Chapter 9 proceeding maintains some measure of agency over its day-to-day decisions. The bankruptcy court overseeing a municipality's Chapter 9 case cannot, for example, appoint a trustee to manage the municipality's actions or force it to take specific legislative actions. This is particularly important to municipalities, which are both subdivisions of the state and independent political entities with their own priorities, sensibilities, and constituencies.

Municipalities in Chapter 9 bankruptcies also cannot be forced to liquidate. In a Chapter 11 reorganization bankruptcy, creditors can push to convert a restructuring into a liquidation so as to maximize their return from the debtor's assets. Under Chapter 9, creditors do not have this right and must negotiate with the filing municipality (or ultimately accept a plan of adjustment as approved by the bankruptcy court). This provides municipalities more leverage than a corporation has in a traditional Chapter 11 reorganization.

Note, however, that municipalities must file their petitions in good faith. ¹⁰ There are a number of factors that bankruptcy courts weigh in evaluating the good faith of a petition, and these factors can include whether the municipality engaged in prepetition negotiations or sought alternatives to filing, as well as the scope and nature of the financial problems. ¹¹

The Process

As a threshold matter, a municipality seeking to file for bankruptcy under Chapter 9 must be authorized by state law. This means that state law must include clear authority for such a filing and that permission must be "exact, plain, and direct with well-defined limits so that nothing is left to inference or implication." There is wide variation in the latitude that states grant to their municipalities in the ability to use Chapter 9. California provides some of the broadest permissions, although it requires municipalities to participate in a mediation first. However, in several states, municipalities must seek individual authorization from the state legislature in order to file under Chapter 9. This can create an additional hurdle and add significant complexity to the bankruptcy process. For example, Pennsylvania effectively blocked its own capital city, Harrisburg, from filing bankruptcy under Chapter 9 by eliminating the statutory provisions enabling municipalities to file for bankruptcy under Chapter 9. And one state, Georgia, does not permit municipalities to file for bankruptcy at all. However, and the state of the statutory at all.

In order to use the protections of Chapter 9, a municipality must meet certain additional criteria: ¹⁷

Insolvency

The municipality must be insolvent (defined as either "(i) generally not paying its debts as they become due unless such debts are the subject of a bona fide dispute; or (ii) unable to pay its debts as they become due"). ¹⁸ In a typical Chapter 7 or 11 bankruptcy, insolvency is determined by the "balance sheet test" (although insolvency is not a requirement for filing under those chapters). Because municipal assets are both hard to value and hard to liquidate, in a municipal bankruptcy, insolvency is typically judged on a cash-flow basis, where the municipality cannot pay its debts as they come due. However, bankruptcy courts have also recognized insolvency in the delivery of services. For example, in the enormous Detroit bankruptcy case, Judge Steven Rhodes observed that the city was so insolvent that it was "unable to provide basic municipal services such as police, fire, and emergency medical services to protect the health and safety of the people." ¹⁹ Note that municipalities have more power to raise their cash flow than does a typical corporate debtor, and bankruptcy courts may consider factors such as the ability to raise taxes or fees when evaluating insolvency.²⁰

Plan to Have a Plan

The municipality must intend to effect a plan to restructure its debt obligations. ²¹ This requirement has been interpreted to mean that a Chapter 9 filing cannot be used to resolve short-term fiscal issues that would otherwise require tough political decisions or force the municipality to pay creditors it does

not want to pay. It need not have a plan of adjustment ready to go when it files, but it must at least intend to execute one and have some basic outlines of a plan prepared.²²

Consent (Or at Least Making an Effort)

Finally, the municipality must either obtain the agreement of creditors or, if it cannot, show evidence that it made a good faith effort to negotiate or that such a negotiation would be impractical or impossible. Specifically, the municipality must:

- (a) have obtained the consent of creditors holding at least a majority in the number of claims in classes that will be impaired under the plan;
- (b) have failed to obtain such consent after negotiating with creditors in good faith;
- (c) be unable to negotiate with creditors because negotiation is "impracticable"; or
- (d) reasonably believe that a creditor may attempt to obtain a transfer that is avoidable.²³

In municipal bankruptcies, likely creditors include public sector employees (both current and retired) with pension benefits, employees subject to collective bargaining agreements, bondholders who have purchased municipal debt, and other entities such as institutional lenders that may be owed funds. While negotiations with these latter institutions in Chapter 9 bankruptcies may be more routine and similar to those in cases under Chapter 11, negotiations with public sector employees, pensioners, and their union representation bring politics into the equation and can create difficulties for a municipality seeking a quick exit from bankruptcy. Bankruptcy courts have noted that municipalities in particular may have difficulty negotiating with their diverse creditors and may not even be able to present an adequate initial proposal. For example, in the Detroit bankruptcy, Judge Rhodes pointed to the "sheer size of the debt and number of individual creditors," as well as the difficulties inherent in negotiating with a large and disparate class of pension creditors.²⁴

The Automatic Stay

As with other bankruptcy protections, filing Chapter 9 puts in place an automatic stay, which protects the municipality from actions to collect on outstanding debts. ²⁵ The protections of the automatic stay prevent a municipality's creditors from rushing to the courthouse to satisfy their debts and/or interfere with streams of revenue, and (hopefully) to ensure an orderly adjustment process. For example, in the Chapter 9 bankruptcy filing of Mammoth Lakes, California, the automatic stay helped the town delay paying a legal judgment that would have overwhelmed its annual budget. ²⁶

Secured vs. Unsecured Claims

In the bankruptcy process, there are two primary classes of creditor claims: secured and unsecured. At the most basic level, secured claims are tied to specific collateral or a specific revenue stream. For example, a promissory note may be secured by a mortgage or deed of trust on a house in an individual bankruptcy. In the corporate context, various personal property assets including accounts receivable (or real estate) may serve as collateral for a note. In contrast, unsecured claims are generally tied only to a promise to pay.

In the municipal context, most debts other than wages are either pension obligations or municipally issued general revenue bonds, both of which are typically unsecured or obligations established by law.²⁷ Only bonds tied to specific sources of revenue are treated as secured; otherwise, such debts are general obligations of the municipality.

Best Interest Standard

A bankruptcy court may confirm a plan of adjustment if it is "in the best interests of creditors and is feasible." This amorphous standard is important in Chapter 9 proceedings because, unlike in other bankruptcy proceedings, there are no benchmarks against which to measure what is reasonable. Instead, courts have typically looked at whether the municipality's plan gives its creditors a return that is as good as or better than what they currently have. 30

History

There have been fewer than 1,000 Chapter 9 bankruptcies filed in the history of the country,³¹ as compared with over 22,000 business and 750,000 personal bankruptcies filed in 2019 alone.³² The most significant include Puerto Rico, Detroit, and Orange County, California. Puerto Rico's complex bankruptcy, which was complicated by the large portion of its debt held by private-equity and other assertive investors, was only recently confirmed in 2019.³³

Two of the nation's largest and most complex Chapter 9 bankruptcies have been those of jurisdictions in California: the city of Vallejo in 2008³⁴ and the city of Stockton in 2012.³⁵ In addition, one of the largest municipal bankruptcies in U.S. history was Orange County's 1994 filing, in which the county sought to adjust \$1.7 billion in debt.³⁶

Special Districts

Special districts, such as those established under Local Area Formation Commission procedures to support local infrastructure, can also take advantage of Chapter 9.³⁷ This is particularly important in California, where the budgetary constraints of Proposition 13 have pushed numerous municipal functions into special districts. For example, the Tulare Local Health District emerged from a two-year bankruptcy process in mid-2019.³⁸

Special districts can also use Chapter 9 to adjust their debts, which typically take the form of bond issuances backed by specific revenues and are treated as secured obligations.³⁹

Opportunity in the Midst of Crisis

Rahm Emanuel, someone particularly experienced with municipal budgets as the former mayor of Chicago and as President Obama's former chief of staff during the Great Recession, famously echoed the line "never let a crisis go to waste." While the current and looming economic crisis threatens enormous economic pain for individuals and businesses as well as local governments, it may also present an opportunity to adjust municipal debt and pension obligations.

Power to Reject Contracts

One particular opportunity available to municipalities in bankruptcy is the power to reject executory contracts. ⁴¹ A debtor in bankruptcy, including a Chapter 9 debtor municipality, can reject contracts that were executed prior to the filing. While the other party to the contract will have a claim against the municipality for breach, this claim is treated as a general unsecured claim for damages (the lowest-priority claim in bankruptcy) and, thus, any payment on account of such claim is often significantly less than the contract value.

The most significant use of this power is in a municipality's ability to reject collective bargaining agreements (CBAs) and other employment agreements with municipal workers. While there are certain steps that a municipality must take before rejecting a CBA, including making a reasonable effort to negotiate, this power can allow a municipality to escape particularly onerous agreements.⁴²

Note that a municipality seeking to reject contracts may be required to comply with any additional state rules regarding modification or rejection of contracts, although the extent of this requirement has not been fully settled by the courts. For example, in California, municipalities may be required to satisfy state law as to when and how they can make emergency contract changes.⁴³

Pension Liabilities

While a municipality can reject executory contracts in Chapter 9 bankruptcy, it was until recently less clear whether it could modify existing pension liabilities. Because pension obligations are settled debts and the benefits owed are "vested rights," it was not certain whether they could be modified in the same fashion as other obligations. However, Judge Sandra Klein of the U.S. Bankruptcy Court for the Eastern District of California addressed this question directly in the Stockton bankruptcy. Specifically, the court addressed the question of whether, as a matter of law, pension contracts entered into by the city, including the pension administration contract, may be rejected pursuant to Bankruptcy Code § 365.44

Note, however, that the court in Stockton specifically focused on the role of the California Public Employees' Retirement System (CalPERS) and the fact that the city's pension was administered by the retirement system to provide third-party pension benefits to the city's retired employees. ⁴⁵ Also note that the Stockton court made its decision despite California law prohibiting a municipal debtor in

Chapter 9 from breaking a contract with CalPERS.⁴⁶ The Stockton court found that the statute conflicted with the federal Bankruptcy Code.⁴⁷ Thus, the Stockton court analyzed the CalPERS contract as a standard executory contract, which the city was entitled to terminate, and did not specifically address a situation where a municipality administers its own pension system without a third-party contractor.

Understanding the Risks

There are, of course, several significant risks, both fiscal and political, for a municipality filing for bankruptcy.

Top of mind in any bankruptcy is the risk to the municipality's credit rating and the possibility of a downgrade. Filing for bankruptcy can reduce creditworthiness, make future borrowing more expensive, and limit the pool of willing lenders. While these risks are significant and should be carefully weighed by elected officials and municipal managers, they may prove less substantial when compared with similar impacts that may result from doing nothing at all.

In cities with more workforce or resident mobility, the negative publicity and attention generated from a Chapter 9 filing, as well as a fear of tax increases to cover municipal budget shortfalls, may drive residents or businesses to move to other jurisdictions, which could have negative impacts on the municipality's future tax base.

In more extreme cases, significant restructuring and reductions in pension benefits and/or public sector salaries could cause municipal workers to seek greener pastures. Where strong local government unions are a major factor, these tensions could become significant.

As many commentators have observed, there are political risks to going after pension liabilities in Chapter 9. For example, Diane Lourdes Dick, a professor at Seattle University School of Law focusing on commercial finance and bankruptcy, notes that while recent case law has made clear that pension write-downs can be conducted in Chapter 9, "[b]ankrupt cities have mostly declined to use [C]hapter 9 to adjust their pension promises, instead advancing plans of adjustment that privilege pension claims over others [...] the political economy of [C]hapter 9 has enabled large and prominent pension administrators to exert more power and influence over restructurings." 48

Many cities have chosen to avoid confrontation with pension holders. For example, the city of San Bernardino considered reducing its pension payments to CalPERS, but eventually decided to leave its pension obligations intact and to force reductions in other debt payments. ⁴⁹ Similarly, the final plan in the Detroit bankruptcy left pension payments whole while cutting related items such as cost-of-living increases and other minor benefits. ⁵⁰

Conclusion

While the looming recession and COVID-19-related financial crisis pose existential threats to municipalities across California, they also provide an opportunity. Cities and counties that take a proactive approach and act decisively can take advantage of this crisis to tackle debt and pension obligations that might pose greater problems down the road. With effective leadership and counsel, municipalities can work with local stakeholders to adjust their obligations and get their fiscal houses in order, while also finding a path to lead their residents out of the pandemic recession.



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Endnotes and Resources

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- ⁶ See City of Santa Monica Local Funding Measure Fact Sheet, available at https://finance.smgov.net/Media/Default/home/LocalFundingMeasureFactSheet.pdf.
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- ¹² In re County of Orange, 183 B.R. 594, 604 (Bankr. C.D. Cal. 1995).
- ¹³ Cal. Gov't. Code §§ 53760, 53760.3.
- ¹⁴ See John Gramlich, "Municipal Bankruptcy Explained: What It Means to File for Chapter 9," The Pew Charitable Trust (November 22, 2011), available at https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2011/11/22/municipal-bankruptcy-explained-what-it-means-to-file-for-chapter-9.
- ¹⁵ Act of June 30, 2011, § 1601-D.1, Pa. Laws 159, No. 26 ("Notwithstanding any other provision of law, including section 261 of the Municipalities Financial Recovery Act, no distressed city may file a petition for relief under 11 U.S.C. Ch. 9 (relating to adjustment of debts of a municipality) or any other Federal bankruptcy law, and no government agency may authorize the distressed city to become a debtor under 11 U.S.C. Ch. 9 or any other Federal bankruptcy law.").
- ¹⁶ Ga. Code Ann. 36-80-5(a).
- ¹⁷ See 11 U.S.C. § 109(c).
- ¹⁸ 11 U.S.C. § 101(c)(32).
- ¹⁹ In re City of Detroit, 524 B.R. 147, 261 (Bankr. E.D. Mich. 2014).

- ²⁰ See Vincent S.J. Buccola, "Law and Legislation in Municipal Bankruptcy," 38 Cardozo L. Rev. 1301, 1319 (2017).
- ²¹ 11 U.S.C. § 109(c)(4).
- ²² See In re City of Vallejo, 408 B.R. at 297 ("[W]e emphasize that while a complete plan is not required, some outline or term sheet of a plan which designates classes of creditors and their treatment is necessary.").
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- ²⁷ See David Skeel, "The Education of Detroit's Pension and Bond Creditors," 2 PENN WHARTON PUB. POL'Y INITIATIVE 1, 3 (2014), available at http://publicpolicy.wharton.upenn.edu/live/files/166-a.
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- ²⁹ For example, a bankruptcy court can evaluate the liquidation value of a debtor's real estate to approximate its value and potential recovery for creditors, but such tools are unavailable where a municipal debtor cannot be required to liquidate.
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- ³¹ https://www.uscourts.gov/services-forms/bankruptcy/bankruptcy-basics/chapter-9-bankruptcy-basics.
- ³² https://www.uscourts.gov/news/2019/07/26/june-2019-bankruptcy-filings-fall-03-percent.
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- ³⁵ In re City of Stockton, California, 526 B.R. 35, 38 (Bankr. E.D. Cal.), aff'd in part, dismissed in part, 542 B.R. 261 (B.A.P. 9th Cir. 2015).
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- ³⁷ See Cal. Gov't. Code §58000, et seq.
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- ³⁹ See Special District Formation Guide, California Special Districts Association, available at https://higherlogicdownload.s3.amazonaws.com/CSDA/b24702e8-8a42-4614-8c45-bc3cba37ea2c/UploadedImages/About_Districts/2016-Formation-Guide-WEB.pdf; see also Alexander D. Flachsbart, "Municipal Bonds in Bankruptcy: S 902(2) and the Proper Scope of "Special Revenues" in Chapter 9," 72 Wash. & Lee L. Rev. 955, 969 (2015).
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- ⁴² See NLRB v. Bildisco & Bildisco, 465 U.S. 513 (1984).
- ⁴³ In re County of Orange, 179 B.R. 177, 184 (Bankr. C.D. Cal. 1995); but see In re City of Vallejo, 403 B.R. 72, 74 (Bankr. E.D. Cal. 2009), aff'd, Int'l Bhd. of Elec. Workers, Local 2376 v. City of Vallejo, CA (In re City of Vallejo, CA), No. 2:09-cv-02603, 2010 WL 2465455 (E.D. Cal. June 14, 2010).
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- ⁴⁶ Cal. Gov't. Code § 20487.
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- ⁴⁹ See Paloma Esquivel and Joe Mozingo, "San Bernardino's Bankruptcy Plan Favors CalPERS," Los Angeles Times (May 18, 2015).

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How Should We Rebuild Government After COVID-19?

By Susannah Parsons, Senior Policy Associate

July 14, 2020



Photo by Sergio Ruiz

At a recent meeting, the chair of the Metropolitan Transportation Commission suggested merging smaller cities as a way to weather the economic fallout wrought by COVID-19. The idea of consolidating some government entities isn't new, but the serious fiscal strain that Bay Area cities face gives it fresh relevance: COVID-19 has prompted declining tax revenues to cities, counties and public agencies, threatening their ability to deliver services now and into the future. The pandemic will have a significant impact on local governments, but it might also present a once-in-a-generation opportunity to rebuild a governance system that better serves the Bay Area. How might we remake government to meet our current challenges — and even deliver better outcomes?

Governance Challenges: Scope and Scale

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fire, parks, library, transportation and planning departments. This fragmentation comes at a significant financial cost and administrative burden. Instead of pooling resources, transit agencies build individual procurement contracts; cities purchase their own police cars and fire trucks and create their own trash collection services. While some cities have recovered from the last recession, a number were still struggling to shore up structural budget deficits and refill vacated positions before the pandemic hit. Now, cities across the region are facing reduced sales and hotel tax revenues and the prospect of hiring freezes, layoffs and cuts to services.

Special districts reveal similar challenges around inefficiencies and waste caused by too many institutions that are too narrow in scope. The Bay Area is home to over 200 of these unique local governments which, separate from counties and cities, provide limited services including transit, sewer, fire protection, cemetery management and mosquito control. Most people don't know that special districts exist, even though they controlled over \$68 billion in total state revenues in 2018 and their governing boards are chosen in the same public elections as city councilmembers and county supervisors. Special districts are empowered to build capital projects, raise revenue and levy fees for service. While this kind of hyper-local government is intended to be responsive to constituents' needs, it also creates added administrative burden and duplicative services. Solano County, for example, includes six fire protection special districts, which are separate from the seven city-level fire departments serving the larger communities, such as Vallejo and Benicia. The system requires significant coordination between districts and departments, as well as individual revenue streams. The Cordelia Fire Protection District, which serves 5,000 residents, announced earlier this year that financial challenges threaten its existence beyond 2021. Consolidation with other fire districts in the county is an alternative the district may consider.

Beyond the compounded financial and administrative challenges of COVID-19, the region's governance system faces other inherent challenges. As examples from the Bay Area bear out, fragmented local governments also reinforce regional inequity. Well-resourced cities can afford excellent public services and education, and they wield undue power over the land use decisions that determine who can live within these enclaves of opportunity. The municipal fragmentation of the Bay Area can trace its recent roots to racial exclusion in the 1950s, when suburban communities like Fremont incorporated. Explicit zoning codes limited large housing developments that could house low-income people and people of color. The Bay Area remains a deeply segregated place today despite its diversity, a challenge caused — and reinforced — by a highly fragmented governance system that mostly serves parochial needs. Inequity plays out in other ways as well, driven by a competition between too many government institutions (cities, counties or public agencies) that generates poor results. For example, congestion management agencies, which operate at the county level to plan and fund transportation projects, rely on local funding from sales taxes. County-by-county funding benefits wealthy communities who can leverage significant sales tax revenues. But less wealthy counties, whose constituents would particularly benefit from high-quality public transit, are left struggling to fund needed projects and declining service.

Finally, our numerous, fragmented municipalities and institutions confound our ability to solve some of the greatest collective action challenges the region faces. Individual cities can vote to provide better services to people without homes, raise taxes to fund affordable housing or raise the minimum wage. But when so many of our challenges are regional in nature — including climate change, housing unaffordability, transportation and shared prosperity — these small-scale decisions cannot add up to meaningful impact across the Bay Area.

In fact, many decisions made at the local level work at cross purposes and reduce our ability to solve these

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Longer-standing examples include the region's history of local transportation decisions that fail to support regional mobility and land use choices that worsen housing affordability across jurisdictional lines.

Remaking Government Beyond COVID-19

The pandemic reveals the administrative and financial strain that the Bay Area's governance system has wrought. Cities, counties and public agencies have difficult decisions ahead. It also offers a once-in-ageneration opportunity to rebuild a governance system that more effectively and equitably serves the Bay Area and is empowered to solve the biggest challenges we face. Here are two policy options the region could consider:

1. Share resources among different jurisdictions and consider combining smaller cities into larger units.

Over a third of the region's cities have populations under 20,000 and will likely face significant fiscal strain in the coming months and years. As interim steps, cities could share staff in departments such as police, fire, human resources, IT and building inspection, and explore sharing tax revenues (like sales tax) across jurisdictional boundaries. Examples of this sort of tax sharing already exist in the region. The Bay Area Toll Authority collects toll revenues across six bridges to invest in mobility projects around the region that serve those bridges. And the Bay Area Restoration Authority collects revenue from parcel taxes to fund shoreline adaptation projects region-wide. In the longer term, smaller cities could be merged with larger, contiguous jurisdictions to combine resources, reduce overheads, benefit from economies of scale and coordinate more effectively.

2.Strategically merge single-purpose agencies to deliver better, more coordinated services.

Aside from cities, other government agencies could merge to both shore up budgets and provide better service. One example to explore is combining some of the region's 28 transit agencies — particularly the Bay Area's regional transit operators (including BART, Caltrain, ACE, WETA and others). Uniting them under one umbrella would provide a more coordinated service, potentially significant administrative experience and a more seamless rider experience.

Another option would be to combine multiple special districts that provide the same service and operate within the same county, or simply merge them into county governments. Doing so could improve equity in service delivery, as well as cut costs and duplication.

There are certainly tradeoffs to consider with combining cities and government agencies. Small, hyper-local governments can be more flexible and responsive to constituent's needs. In some cases, fragmentation has conferred power to excluded and disenfranchised communities in the Bay Area. Single-purpose entities were originally created in response to government's inability to deliver services, and they can sometimes be more accountable to voters in addressing the need they were created for. Unfortunately, the decline of the local press means that often voters are unable to inform themselves and weigh in at elections. Significant work would also need to be done to understand the impacts of specific mergers, from governance to union contracts to public debt covenants. And any attempt to consolidate government should be led by a robust and inclusive effort to ensure more representation, not less.

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