



Lou Ann Teixeira  
Executive Officer

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
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## **NOTICE AND AGENDA FOR REGULAR MEETING**

**Wednesday, April 14, 2021, 1:30 PM**

**\*\*\* BY TELECONFERENCE ONLY \*\*\***

Consistent with the California Governor's Executive Order N-29-20 this meeting will be held by Zoom and teleconference. No physical location will be available for this meeting.

### **PUBLIC ACCESS AND PUBLIC COMMENT INSTRUCTIONS**

To join the meeting click: <https://cccounty-us.zoom.us/j/95768795211>

Or call the number below. **As a courtesy to the other participants, please mute your device when not speaking.**  
USA 214-765-0478  
USA 888-278-0254 (US Toll Free)  
Conference code: **525510**

LAFCO meetings are audio recorded and posted online at <http://contracostalafco.org/meetings-and-public-hearings/>. Audio recordings are available the day following the LAFCO meeting. LAFCO meeting materials and staff reports are available online at <http://contracostalafco.org/meetings-and-public-hearings/>.

**PUBLIC COMMENT:** The Commission will consider all verbal and written comments received. Comments may be emailed to [LouAnn.Teixeira@lafco.cccounty.us](mailto:LouAnn.Teixeira@lafco.cccounty.us) or by U.S. mail to Contra Costa LAFCO at 40 Muir Road 1<sup>st</sup> Floor, Martinez, CA 94553. Please indicate the agenda item number, if any. If you want your comments read into the record, please indicate so in the subject line. For public hearings, the Chair will announce the opening and closing of the public hearing. The Chair will call for verbal public comments.

### **NOTICE TO THE PUBLIC**

Disclosable public records for a regular meeting agenda distributed to a majority of the members of the Commission less than 72 hours prior to that meeting will be made available on <http://contracostalafco.org/meetings>

#### **Campaign Contribution Disclosure**

If you are an applicant or an agent of an applicant on a matter to be heard by the Commission, and if you have made campaign contributions totaling \$250 or more to any Commissioner in the past 12 months, Government Code Section 84308 requires that you disclose the fact, either orally or in writing, for the official record of the proceedings.

#### **Notice of Intent to Waive Protest Proceedings**

In the case of a change of organization consisting of an annexation or detachment, or a reorganization consisting solely of annexations or detachments, or both, or the formation of a county service area, it is the intent of the Commission to waive subsequent protest and election proceedings provided that appropriate mailed notice has been given to landowners and registered voters within the affected territory pursuant to Gov. Code sections 56157 and 56663, and no written opposition from affected landowner or voters to the proposal is received before the conclusion of the commission proceedings on the proposal.

#### **American Disabilities Act Compliance**

LAFCO will provide reasonable accommodations for persons with disabilities planning to join the meeting. Please contact the LAFCO office at least 48 hours before the meeting at 925-313-7133.

## APRIL 14, 2021 CONTRA COSTA LAFCO AGENDA

1. Call to Order
2. Roll Call
3. Adoption of Agenda
4. Approval of Minutes for the January 13, 2021 regular LAFCO meeting
5. Public Comment Period (please observe a three-minute time limit):

Members of the public are invited to address the Commission regarding any item that is not scheduled for discussion as part of this Agenda. No action will be taken by the Commission at this meeting as a result of items presented at this time.

### OUT OF AGENCY SERVICE REQUESTS

6. *LAFCO 20-08 – City of Martinez – Bay’s Edge, Subdivision 9065* – consider a request by the City of Martinez to extend municipal water service outside its jurisdictional boundary to support development of 30 townhomes. The subject area includes two parcels (APNs 375-311-001/-003) located at 3128 Sycamore Street in unincorporated Martinez (Mt. View area). The Commission will also consider related actions per the California Environmental Quality Act (CEQA)

### MUNICIPAL SERVICE REVIEWS (MSRs)/SOI UPDATES

7. *“Parks & Recreation Services” MSR/SOI Updates (2<sup>nd</sup> Round)* – receive overview of Public Review Draft MSR, public comments, and provide input. The MSR covers all 19 cities, four community services districts, three parks & recreation districts, one regional park district and eight county service areas **Public Hearing**

### BUSINESS ITEMS

8. *Fiscal Year 2021-22 Proposed Budget and Work Plan* - consider approving the proposed budget and work plan for FY 2021-22 **Public Hearing**
9. *Legislative Update and Position Letters* – receive update and consider submitting position letters
10. *Call for Nominations – 2021 Special Districts Risk Management Authority (SDRMA) Board of Directors* receive SDRMA information and consider submitting a nomination
11. *FY 2020-21 Third Quarter Budget Report* - receive FY 2020-21 third quarter budget report
12. *Actuarial Evaluation – Post-Employment Medical Benefits Plan GASB 75 Supplemental Schedules - Reporting Period July 1, 2020 to June 30, 2021* – informational item – no action needed
13. *Update - Chang Property Reorganization – Annexations to the City of San Ramon, Central Contra Costa Sanitary District and East Bay Municipal Utility District and Detachment from County Service Area P-6* – informational item – no action needed

### CORRESPONDENCE

14. Correspondence from Contra Costa County Employees’ Retirement Association (CCCERA)

### INFORMATIONAL ITEMS

15. Commissioner Comments and Announcements
16. Staff Announcements (CALAFCO Updates, Pending Projects, Newspaper Articles)

### ADJOURNMENT

Next regular LAFCO meeting is on May 12, 2021 at 1:30 pm.

LAFCO STAFF REPORTS AVAILABLE AT [http://www.contracostalafco.org/meeting\\_archive.htm](http://www.contracostalafco.org/meeting_archive.htm)

**CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION**  
**DRAFT MEETING MINUTES**  
**January 13, 2021**

April 14, 2021  
Agenda Item 4

**1. Welcome and Call to Order; Roll Call (Agenda Items 1&2)**

Chair Andersen called the regular meeting of January 13, 2021 to order at 1:32 p.m.  
The following Commissioners and staff were present:

<u>Regular Commissioners</u>	<u>Alternate Commissioners</u>	<u>Staff</u>
Candace Andersen, Chair	Diane Burgis	Lou Ann Texeira, Executive Officer
Igor Skaredoff, Vice Chair	Edi Birsan	Sharon Anderson, Commission Counsel
Don Blubaugh	Stan Caldwell	Sherrie Weis, LAFCO Clerk
Tom Butt	Chuck Lewis	
Federal Glover		
Mike McGill		
Rob Schroder		

Announcement: Pursuant to Governor Newsom’s Executive Order and local county health orders issued to address the COVID 19 pandemic, the Commission meeting is being held via Zoom videoconference. The public may listen to the meeting telephonically and comment by calling in to the teleconference meeting per the instructions on page 1 of the agenda. As required by the Brown Act, all votes taken this afternoon will be done by a roll call vote to the attending Commissioners participating via teleconference.

**3. Adoption of Agenda**

Upon motion by Commissioner McGill and second by Commissioner Glover, the Commission unanimously, by a 7-0 vote, adopted the agenda.

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

**4. Selection of 2021 Chair and Vice Chair and Recognition of Outgoing Chair**

Upon motion by Commissioner Blubaugh and second by Commissioner Glover, by a 6-0 vote, Commissioner Skaredoff was named as LAFCO Chair for 2021

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

Upon motion by Commissioner Blubaugh and second by Commissioner McGill, Commissioner Schroder was unanimously, by a 7-0 vote, named as LAFCO Vice Chair for 2021.

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

**DRAFT**

Outgoing Chair Anderson was recognized by resolution for her service as 2021 LAFCO Chair. Commissioner Skaredoff assume the role of Chair.

**5. Welcome New Commissioner**

Introduction and welcome of new Commissioner Edi Birsan – alternate city member.

**6. Commissioner Approval of Minutes**

Upon motion by Commissioner McGill and second by Commissioner Butt, the December 9, 2020 meeting minutes were unanimously, by a 7-0 vote, approved.

VOTE:

AYES: Andersen, Blubaugh, Butt, Glover, McGill, Schroder, Skaredoff

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

**7. Public Comments**

Skaredoff invited members of the audience to provide public comment. There were no speakers.

**OUT OF AGENCY SERVICE REQUESTS**

- 8. LAFCO 20-08 – City of Martinez – Bay’s Edge, Subdivision 9065** – consider a request by the City of Martinez to extend municipal water service outside its jurisdictional boundary to support development of 30 townhomes. The subject area includes two parcels (APNs 375-311-001/-003) and is located in unincorporated Martinez (Mt. View area). The Commission will also consider related actions per the California Environmental Quality Act (CEQA)

Attorney Wilson Wendt spoke representing the owner/applicant. There was extensive discussion. Commissioners expressed a preference for annexation of the subject property.

Commissioner McGill moved second by Commissioner Blubaugh, Option 1. Before roll call vote the motion and second were withdrawn.

A substitute motion was made. Upon motion of Commissioner Butt, second by Commissioner Blubaugh, the Commission, unanimously approved, by a 7-0 vote, Option 4 – continue this matter to a future meeting to obtain more information.

VOTE:

AYES: Andersen, Blubaugh, Butt, Glover, McGill, Schroder, Skaredoff

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

**SPHERE OF INFLUENCE (SOI) AMENDMENTS/CHANGES OF ORGANIZATIONS**

- 9. LAFCO 10-10 – Annexation to Town of Discovery Bay Community Services District (TDBCSD) – Newport Pointe** - consider approving an annexation to the TDBCSD to include 21.64± acres (2 parcels) located east of Bixler Road and west of Newport Avenue in unincorporated Discovery

**DRAFT**

Bay and consider related actions under CEQA. The annexation will facilitate development of 67 single family homes. **Public Hearing**

Chair Skaredoff opened and closed the public hearing; there were no public speakers.

Upon motion of Commissioner Butt, second by Commissioner Schroder, the Commission, approved, by a 6-0 vote, to approve, Option 1 – approve the annexation as proposed.

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

### **BUSINESS ITEMS**

10. ***Fiscal Year (FY) 2021-22 Budget Schedule Work Plan Preview*** – provide input on the FY 2021-22 proposed budget schedule and work plan preview

Upon motion by Commissioner Anderson, second by Commissioner McGill, the Commission unanimously approved, by a 7-0 vote, to accept 2<sup>nd</sup> round MSRs and other workplan goals.

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

11. ***Fiscal Year 2021 2<sup>nd</sup> Mid-Year Budget Report*** - receive FY 2020-21 mid-year budget report  
Upon motion by Commissioner Butt, second by Commissioner Blubaugh, the Commission unanimously approved, by a 7-0 vote, to accept Fiscal Year (FY) 2021-2022 2<sup>nd</sup> Mid-Year Budget Report.

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

### **CORRESPONDENCE**

12. ***Correspondence from Contra Costa Employees' Retirement Association (CCCREA)***

### **INFORMATIONAL ITEMS**

13. ***Commissioner Comments and Announcements***

- Commissioner McGill reported the following:
  - a. Coastal Roundtable, December 10, 2020.
  - b. Upcoming CALAFCO Board retreat and meeting January 21 and 22, 2021.
  - c. Overview and update of Coco San Sustainable Farm.

**DRAFT**

- Commissioner Butt noted his appreciation of the update on CoCo Farm.
- Commissioner Skaredoff reported on the January 13, 2021 Watershed Forum meeting he attended.

**14. Staff Announcements**

- CALAFCO Daily Legislative Report – January 5, 2021
- Pending Proposals
- News Articles

The meeting adjourned at 3:05 pm.

Final Minutes Approved by the Commission February 10, 2021

VOTE:

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

**ADJOURNMENT**

*The next regular LAFCO meeting is February 10, 2021 at 1:30 pm.*

By \_\_\_\_\_  
Executive Officer

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
EXECUTIVE OFFICER'S REPORT

April 14, 2021  
Agenda Item 6

April 14, 2021 (Agenda)

LAFCO 20-08 City of Martinez - Out of Agency Service Request (Bay's Edge Subdivision 9065)

## SYNOPSIS

This matter was continued from the January 13, 2021 LAFCO meeting.

This is a request by the City of Martinez to provide municipal water service outside its jurisdictional boundary to two parcels (APNs 375-311-001/-003) totaling 1.47+ acres. The subject area is located at 3128 Sycamore Street in unincorporated Martinez (Mt. View area). (See Map - Exhibit A). In February 2021, LAFCO was informed that the subject property was sold – the new landowner is Michael Arikat, Millennium Properties.

The subject property is currently vacant. The project received approval from the County for a tentative subdivision map and the project applicant must file a final map with the County by August 21, 2022. The subdivision plan allows for construction of 30 two-story attached townhomes which will increase the County's housing stock in accordance with the County's General Plan policy.

The County's General Plan designation for the parcels is Multiple Family Residential – High Density (MH), and the zoning is Multiple Family Residential – maximum 29 units per acre (M-29). The subject parcel is located within the City of Martinez's sphere of influence (SOI) and within the City's Urban Limit Line. The subject area is surrounded by residential to the north, south and west, and light industrial to east.

After further research, City and LAFCO staff learned that the subject property is not pre-zoned and does not have a City General Plan designation. Thus, to annex this property in the future, rezoning, a General Plan amendment, and an environmental review is needed. This will take additional time to complete. We understand that the new landowner has submitted to the City applications for a General Plan amendment, rezoning, and a deferred annexation request along with applicable fees.

As discussed below, the out of agency service (OAS) request is inconsistent with LAFCO statutes and local policies as there is no existing or impending public health or safety threat, and the project site is adjacent to the City limits and proposes new development. For these reasons, approval of the OAS request should be conditioned on an annexation application being submitted within a specified timeframe.

## DISCUSSION

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

**LAFCO's Out of Agency Service Policies** - The Commission's policies regarding out of agency service are consistent with State law in that annexations to cities and special districts are generally preferred for providing municipal services. However, in unique situations, for example in response to an existing or impending public health and safety threat (e.g., failing septic system or contaminated well), or in anticipation of a future annexation, out of agency service may be considered as a temporary measure.

LAFCO policies contain provisions relevant to this proposal including the following excerpts:

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

This out of agency service request is intended to serve development of 30 townhomes.

4) *Out of Agency Service Policies: General Statements*

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

The subject area is within the City's SOI and is contiguous to the City boundary.

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

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

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

In the past 10 years, the City of Martinez attempted to annex North Pacheco, which was rejected by the voters. The City successfully annexed a portion of Alhambra Valley. Further, the Martinez City Council adopted resolutions stating the City's intent to pursue annexation of the Alhambra Valley area by 2020, and annexation of the Pacheco Boulevard corridor including the Mt. View area by 2030.

In March 2020, the City retained a consulting firm (RSG) to provide a fiscal analysis of annexation of areas within the City's SOI (i.e., Alhambra Valley, Mt. View, North Pacheco, Vine Hill, and PBF Energy – formerly Shell refinery). The study concludes that annexation of these areas is not financially viable for the City. The study is available on the City's website at: [https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/750184/Martinez\\_Annexation\\_Study\\_Final\\_Draft\\_11.12.2020.pdf](https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/750184/Martinez_Annexation_Study_Final_Draft_11.12.2020.pdf).

5) *Form of Request*

a) *All Requests*

*Requests to authorize out of agency service shall be filed with the Executive Officer by the affected city or district. The application shall be signed by an authorized representative of the city or district. Requests shall be made in writing with a completed LAFCO application, payment in the amount prescribed under the Commission's adopted fee schedule, appropriate environmental document, proposed service agreement, and an executed and recorded deferred annexation agreement (DAA) and waiver of property owner protest rights. The recorded DAA shall run with the land and be binding on all future owners of the property. An indemnification agreement will be required with each application.*

The City has obtained and recorded a DAA on the subject parcels.

c) *Request in Anticipation of Annexation*

*An out of agency service application must be accompanied by a change of organization or reorganization application, including an approved tax sharing agreement, in order for LAFCO to determine that the out of agency service is in anticipation of a change of organization (i.e.,*

*annexation) within the next 12 months. This dual application requirement may be waived in certain situations by the Commission if compelling justification is provided. Circumstances which may warrant such a waiver include, but are not limited to, the following:*

- *Lack of contiguity (e.g., city boundary) when the project was approved prior to 2011*

The subject area is contiguous to the City boundary.

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

Given the subject property is contiguous to the City boundary, annexation of this property is possible. The City's preference is to pursue annexation of the Mt. View and other areas in the future.

**City's Prior and Future Commitment to Annexations** - As noted in LAFCO's previous Municipal Service Reviews (MSRs), the City is providing water services beyond its corporate limits to over 1,500 water connections. Since 2012, the City has submitted 18 OAS applications to LAFCO, most of which have been in the Alhambra Valley, Mountain View and Pacheco areas. The LAFCO MSRs recommend that the City of Martinez annex areas receiving city services, as appropriate.

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

- In 2012, the City successfully annexed a portion of the Alhambra Valley, and attempted to annex North Pacheco; however, this annexation was rejected by the voters.
- The City Council adopted resolutions stating the City's intent to pursue annexation of the Alhambra Valley area by 2020, and annexation of the Pacheco Blvd corridor including the Mt. View area by the year 2030.
- In June 2019, the City provided LAFCO with an update noting that the City Council identified annexations as one of its top five goals over the next two years, and within the next year will explore an annexation study for the Mt. View/Pacheco Corridor and the Alhambra Valley areas.
- On October 23, 2019, the Martinez City Council hosted a community workshop to discuss annexation of the Alhambra Valley, Mountain View, North Pacheco, and Vine Hill areas. The City Council agreed to move forward with an annexation study.
- As noted above, RSG was hired by the City and prepared a fiscal analysis of annexation of those areas within the City's SOI.

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

As noted in the City's application, infrastructure needed to serve the project includes approximately 600 linear feet of 8-inch water main for domestic and fire use. Each of the lots will have a separate water system consisting of a one-inch lateral pipe, a one-inch water meter, and a backflow device. All required construction costs will be borne by the property owner. The demand for water is approximately 5.08 acre feet per year for both indoor and outdoor use. The City indicates it has adequate water to serve the subject property.

**Environmental Review** – In 2006, Contra Costa County, as Lead Agency, prepared and approved an Initial Study/Mitigated Negative Declaration (IS/MND) in conjunction with the proposed development project pursuant to the California Environmental Quality Act (CEQA). The MND identified potentially significant effects (i.e., Air Quality, Biological Resources, Geology/Soils, Hydrology and Noise). Mitigation measures were adopted which reduced all impacts to a less than significant level; therefore, there are no significant and unavoidable impacts. The MND also noted that domestic water service to the project area will be provided by the City of Martinez. The City indicates it is able and willing to service the project area. Should LAFCO approve the out of agency service, the property owner must then implement the required mitigations for the project, including LAFCO's approval for out of agency water service, prior to the County issuance of the building permit.

In 2020, the County prepared an Addendum to the 2006 IS/MND. The Addendum addresses issues not previously covered in the IS/MND including identifying LAFCO as a Responsible Agency pursuant to CEQA, discussing the need for OAS, the deferred annexation agreement and/or annexation, and approval by LAFCO to allow for municipal water service by the City of Martinez. The County's environmental documents are adequate for LAFCO purposes and are available through the LAFCO office.

**Comments from Affected Agencies/Other Interested Parties:**

On January 5, 2021, LAFCO received a letter from the former landowner representative, a copy of which is attached (Attachment 2). Following the January 13, 2021 LAFCO meeting, the landowner representative, City and LAFCO staff met and discussed options, terms, and conditions to which all parties agreed. These terms and conditions are reflected in Option 1 below.

**CONSISTENCY ANALYSIS**

As noted above, this application for OAS is inconsistent with the following LAFCO OAS policies as summarized below:

- *Policy: OAS is generally not intended to support new development.*

This OAS request is intended to serve development of 30 townhomes.

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

The subject area is within the City's SOI.

- *Policy: LAFCO will consider applicable MSR's and discourage out of agency service extensions that conflict with adopted MSR determinations or recommendations. LAFCO will consider applicable MSR's and discourage out of agency service extensions that conflict with adopted MSR determinations or recommendations.*

The previous LAFCO MSR's recommended annexing properties that are receiving, or will require, City water service, as appropriate.

- *Policy: An out of agency service application must be accompanied by a change of organization or reorganization application, including an approved tax sharing agreement, in order for LAFCO to determine that the out of agency service is in anticipation of a change of organization (i.e., annexation) within the next 12 months. This dual application requirement may be waived in certain situations by the Commission if compelling justification is provided.*

No annexation application was included with the OAS application. The Commission should condition approval of the OAS application on an application being submitted within a specified timeframe.

- *Policy: Circumstances which may warrant such a waiver include, but are not limited to, the following:*
  - *Lack of contiguity (e.g., city boundary) when the project was approved prior to 2011*

The subject area is contiguous to the City boundary.

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

In the past 10 years, the City of Martinez has made efforts to annex some of the areas within its SOI. In 2011, the City attempted to annex North Pacheco, which was rejected by the voters. Also, in 2011, the City successfully annexed a portion of Alhambra Valley.

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

As noted in the LAFCO MSRs, the cities of Concord (wastewater) and Martinez (water) have a history of OAS service extensions.

The Commission recently approved two OAS applications submitted by the City of Concord. Both applications involve property that is contiguous to the City boundary. With both applications, the Commission conditioned the extension of OAS on an annexation application being filed with LAFCO within 12 months. The developer complied with these conditions.

## **ALTERNATIVES FOR COMMISSION ACTION**

The following options are presented for the Commission's consideration.

**Option 1**      **Approve** the out of agency service request and attached Resolution 20-08 conditioned on the following:

- A. Find that, as a Responsible Agency under CEQA, the Commission has reviewed and considered the information contained in the Initial Study/Mitigated Negative Declaration and Addendum prepared and approved by Contra Costa County.
- B. Authorize the City of Martinez to extend water service outside its jurisdictional boundary to 1.47± acres (APNs 375-311-001 and -003) located at 3128 Sycamore Street in unincorporated Contra Costa County (Mt. View area) subject to the following terms and conditions:
  - 1. Water infrastructure and service is limited to the proposed 30 townhomes, and
  - 2. The City of Martinez has delivered to LAFCO an executed and recorded deferred annexation agreement providing for the City to indemnify LAFCO against any expenses arising from any legal actions to challenging the out of agency service; the deferred annexation agreement binds present and future owners of the subject property, and
  - 3. LAFCO's approval of water service is effective following receipt of an executed and recorded deferred annexation agreement and executed indemnification agreement which will allow the landowner to file the final map for the project with Contra Costa County, subject to the following commitments by the landowner and the City of Martinez ("City"):
    - (a) The landowner shall within thirty (30) days of LAFCO's approval file with the City applications for general plan amendment, pre-zoning, and annexation of the subject territory to the City, and shall process those applications to completion; and

(b) The City commits to submit to LAFCO an annexation application of the subject territory to the City, along with application annexation fees, by August 31, 2022, in the event the entirety of Mt. View is not annexed to the City prior to that date.

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

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

## RECOMMENDATION

### Option 1

  
LOU ANN TEXEIRA, EXECUTIVE OFFICER  
CONTRA COSTA LAFCO

### Exhibit

A. Map of Property (APNs 375-311-001 and -003)

### Attachments

1. LAFCO Resolution 20-08
2. Letter dated January 5, 2021 from Wilson F. Wendt, Former Landowner Representative

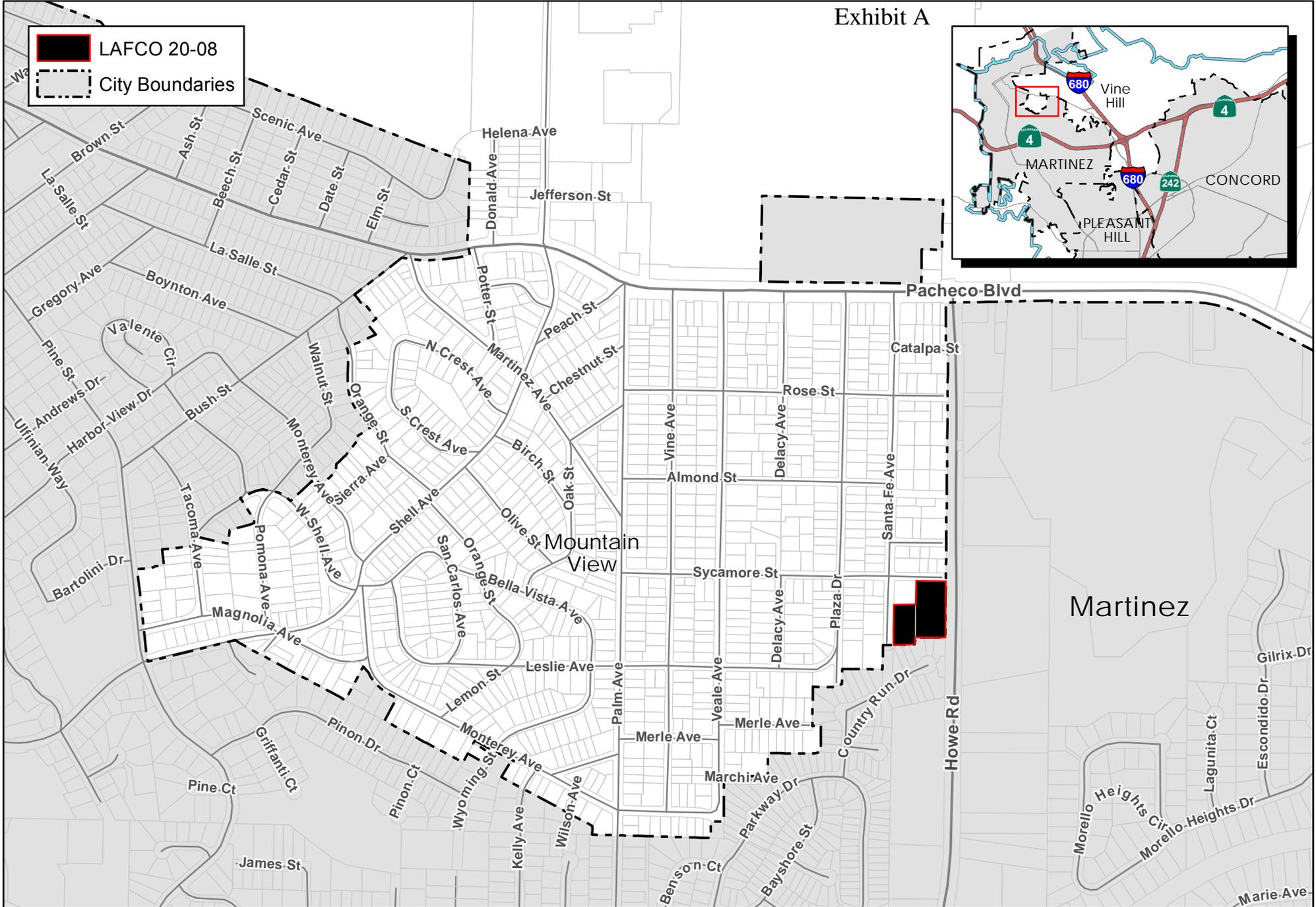
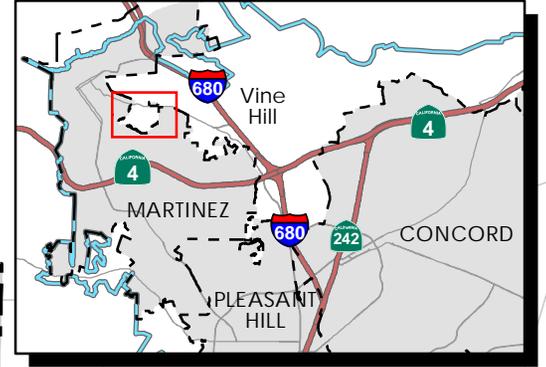
c: Khalil Yowakim, City of Martinez  
Victoria Walker, City of Martinez  
Michael Arikat, Millennium Properties  
Jennifer Cruz, Contra Costa County

# LAFCO No.20-08 City of Martinez Out of Agency Service (Bay's Edge, Subdivision 9065)

Exhibit A

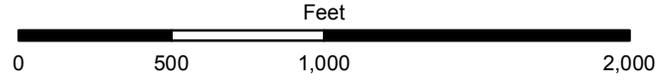
 LAFCO 20-08

 City Boundaries



Map created 12/07/2020  
 by Contra Costa County Department of  
 Conservation and Development, GIS Group  
 30 Muir Road, Martinez, CA 94553  
 37.59:41.791N 122.07:03.756W

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**RESOLUTION NO. 20-08**

**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION  
COMMISSION AUTHORIZING THE CITY OF MARTINEZ TO PROVIDE  
OUT-OF-AGENCY WATER SERVICE TO APNs 375-311-001 and -003 (BAY'S EDGE)**

WHEREAS, the above-referenced request has been filed with the Executive Officer of the Contra Costa Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Section 56000 et seq. of the California Government Code); and

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

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

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

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

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

- A. As a Responsible Agency under CEQA, the Commission has considered the information contained in the Mitigated Negative Declaration/Initial Study and Addendum as prepared and certified by Contra Costa County.
- B. Authorize the City of Martinez to extend water service outside its jurisdictional boundary to APNs 375-311-001 and -003 (Bay's Edge Subdivision 9065) located at 3128 Sycamore Street in unincorporated Contra Costa County (Mt. View) subject to the following terms and conditions:
  - 1. Water infrastructure and service is limited to 30 townhomes on the subject parcel,
  - 2. The City of Martinez has delivered to LAFCO an executed indemnification agreement providing for the City to indemnify LAFCO against any expenses arising from any legal actions to challenging the out of agency service, and
  - 3. The City of Martinez and the property owner have signed a deferred annexation agreement (DAA), and the DAA was recorded as prescribed by law and run with the land so that future landowners have constructive notice that their property is encumbered by the DAA, and
  - 4. LAFCO's approval of water service is effective following receipt of an executed and recorded deferred annexation agreement and executed indemnification agreement which will allow the landowner to file the final map for the project with Contra Costa County, subject to the following commitments by the landowner and the City of Martinez ("City"):

- a. The landowner shall within thirty (30) days of LAFCO's approval file with the City applications for general plan amendment, pre-zoning, and annexation of the subject territory to the City, and shall process those applications to completion; and
  - b. The City commits to submit to LAFCO an annexation application of the subject territory to the City, along with application annexation fees, by August 31, 2022, in the event the entirety of Mt. View is not annexed to the City prior to that date.
- C. Approval to extend City of Martinez services beyond those specifically noted herein is withheld and is subject to future LAFCO review.

\* \* \* \* \*

PASSED AND ADOPTED THIS 14<sup>th</sup> day of April 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

IGOR SKAREDOFF, CHAIR, CONTRA COSTA LAFCO

*I hereby certify that this is a correct copy of a resolution passed and adopted by this Commission on the date stated above.*

Dated: April 14, 2021

---

Lou Ann Texeira, Executive Officer



**MILLER STARR  
REGALIA**

1331 N. California Blvd.  
Fifth Floor  
Walnut Creek, CA 94596

T 925 935 9400  
F 925 933 4126  
www.mslegal.com

Wilson F. Wendt  
wilson.wendt@mslegal.com

January 5, 2021

**VIA E-MAIL**

Contra Costa County – Local Agency  
Formation Commission  
44 Muir Road, 1st Floor  
Martinez, CA 94553  
Attn: Lou Ann Texeira, Executive Director  
Email: LouAnn.Teixeira@lafco.cccounty.us

Re: City of Martinez – Out of Agency Service Request  
(Bay's Edge Subdivision 9065)

Honorable Commission Chairperson and Members:

Our office represent L.C. Martinez Properties LLC (“Owner”), the owner of approximately 1.5 acres of vacant property in Contra Costa County, (“County”) adjacent to the City of Martinez (“City”). In 2006, a tentative map for the 30-unit Bay’s Edge Townhome Subdivision (the “Project”) was approved by the County with a condition that water service be provided by the City through an out of agency service agreement (“OSA”) and that the Project either be: (1) annexed to the City; or (2) a deferred annexation agreement be executed and recorded by the Owner. At that time neither the County, the City nor the Owner was aware that such an OSA required LAFCO approval. It did; and, for that reason, this request is on your January 13 agenda, over fourteen years from tentative map approval. The tentative map has been extended for as long as legally permitted and now expires in 2022.

Initially, let me stress that any actions you take will not set a troublesome precedent. This situation is a “perfect storm” of absolutely unique land use and municipal organization issues. We are respectfully asking you to adopt Option 2 set out in your staff report and approve the OSA without requiring the Owner to submit an application for annexation within 12 months; but, instead rely on the commitment of the City to attempt to annex all of the Mt. View area within two years.

A. The “Perfect Storm”: The Project was approved in 2006 by the County. The final map has never been recorded given the doleful economic conditions following the 2008 crash. The Project will provide thirty units of desperately needed housing and the only water physically available is from the City.

1. The Final Map Must Be Approved And Recorded By The County: Over a year ago (when the Owner belatedly discovered LAFCO approval necessary for the OSA), we discussed with the City the annexation of the Project before final map approval. That is impossible. The California Government Code provides if property subject to an approved tentative map is annexed into a city prior to final map approval, then it must conform to all city standards. The Project does not comply with a number of city standards and would have to be completely redesigned.

However, the same Government Code section provides if the Project is amended after final map approval, then the County standards will apply. In a series of meetings over the last year, both the City and the County have agreed that the final map can be approved and recorded in the County and a deferred annexation agreement shall be executed and recorded; consenting to its annexation by the City at a later date in an overall attempt to annex all of Mt. View at one time, which the City says they intend to attempt within two years.

2. Option 1 Will Not Work For The Project: Your excellent staff has been enormously helpful and generous with their time over the last year and has prepared a staff report that sets out two options for approval and recommends Option 1. This option would require the Owner to comply with your policy 2.1(5) and submit to LAFCO an application for annexation into the City within 12 months along with all appropriate annexation fees which would include the cost of a CEQA document totaling more than \$100,000. The Project and the LAFCO approval of the OSA is covered by a mitigated negative declaration with a recently adopted Addendum, but annexation would almost certainly require at least a focused EIR. Additionally, the City has requested the Owner not to do anything to attempt to annex piecemeal before the City attempts an overall annexation by Mt. View. In that case, the City will pay all costs of annexation effort. The Owners are not professional developers and have suffered enormous losses in unanticipated processing costs. Additionally, an application from the Owner would pursuant to your policies require the negotiation and submittal of a tax sharing agreement with the application. If Option 1 is selected, it's likely that the Owner will simply abandon the Project and walkaway to avoid further costs to a project already uneconomic.

3. We Urge You To Approve Option 2: That option would approve the OSA, require the execution and recordation of a deferred annexation agreement, which will consent in perpetuity to the annexation of the Project but rely on the City's commitment to try and annex Mt. View within two (2) years and not require the submittal of an annexation request to the Owner within twelve (12) months.

4. Policy 2.1(5)(c) Allows You To Approve Option 2: Your policies generally require a request for OSA approval to be accompanied within twelve months by an application for annexation. However, this policy allows you to waive this dual application requirement if you find a "compelling justification." We

Honorable Commission Chairperson and Members  
Attn: Lou Ann Texeira  
January 5, 2021  
Page 3

respectfully suggest the unique facts of this Project plus both the City's and the County's feeling on the appropriateness of the overall annexation of Mt. View and their request the Owner not unilaterally apply for annexation until the City can mount an annexation campaign, constitutes such a compelling justification.

B. Conclusion: Again, if you approve Option 2 you will not be establishing a harmful precedent. A situation like this will never come to you again. The Project will likely not go forward if you require of the Owner other expenses of annexation which could total well over a \$100,000. The City has said they will bear those costs and have requested the Owner do nothing prior to an attempt at over-all annexation. What you will be doing is the following:

1. Allow the construction of thirty units of desperately needed housing; which, though not subject to the County's affordable housing requirements will be at a market price as affordable as anywhere in the County.
2. Provide the County with RHNA market rate credits for the thirty units.
3. Ensure that in the annexation effort of the City of all Mt. View, the Project has consented in perpetuity to annexation.

Thank you for taking the time to fully understand this complex situation.

Very truly yours,

MILLER STARR REGALIA

*Wilson F. Wendt*

Wilson F. Wendt

WFW:nmt

cc: Clients  
John Kopchik  
Eric Figueroa  
Eric Zell  
Khalil Yowakim  
Victoria Walker



Lou Ann Texeira  
 Executive Officer

**MEMBERS**

- |   |  |
|---|--|
| <b>Candace Andersen</b><br><i>County Member</i>         | <b>Federal Glover</b><br><i>County Member</i>              |
| <b>Donald A. Blubaugh</b><br><i>Public Member</i>       | <b>Michael R. McGill</b><br><i>Special District Member</i> |
| <b>Tom Butt</b><br><i>City Member</i>                   | <b>Rob Schroder</b><br><i>City Member</i>                  |
| <b>Igor Skaredoff</b><br><i>Special District Member</i> |  |

**ALTERNATE MEMBERS**

- |   |
|---|
| <b>Diane Burgis</b><br><i>County Member</i>               |
| <b>Stanley Caldwell</b><br><i>Special District Member</i> |
| <b>Charles R. Lewis, IV</b><br><i>Public Member</i>       |
| <b>Edi Birsan</b><br><i>City Member</i>                   |

April 14, 2021 (Agenda)

Contra Costa Local Agency Formation Commission (LAFCO)  
 40 Muir Road, 1<sup>st</sup> Floor  
 Martinez, CA 94553

**April 14, 2021**  
**Agenda Item 7**

**2<sup>nd</sup> Round “Parks & Recreation Services” Municipal Services Review  
 Public Review Draft Report**

Dear Members of the Commission:

**BACKGROUND:** The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that every five years the Commission shall, as necessary, review and update each sphere of influence (SOI); and that in conjunction with the SOI update, the commission shall conduct a municipal service review (MSR).

MSRs provide an assessment of the range and adequacy of municipal services provided in the County and provides the basis for making LAFCO determination relating to *growth & population projections, location/characteristics of disadvantaged communities, capacity of public facilities, services and infrastructure, financial ability of agencies to provide services, opportunities for share facilities, accountability, governance structure and operational efficiencies*, and other factors relating to efficient and effective service delivery. The MSR culminates in updating the SOIs for the subject agencies.

The MSR is an important tool for LAFCO in fulfilling its legislative mandate to coordinate the efficient and logical development of local government agencies and services. The MSR serves as a basis for SOI updates and future boundary changes.

Contra Costa LAFCO continues its work on MSRs having completed 2<sup>nd</sup> round reviews of water and wastewater services (2014), reclamation services (2015), fire/EMS services (2016), healthcare services (2018), and “city services” (2019).

**SUMMARY:** In December 2019, LAFCO initiated its 2<sup>nd</sup> round “Parks & Recreation Services” MSR covering all 19 cities, four community services districts (CSDs), three parks & recreation districts, one regional park district, and eight County Service Areas (CSAs).

The 2<sup>nd</sup> round “Parks & Recreation Services” MSR focuses on the following:

- ✚ Updating profile data including growth and population, finances (expenses, revenues, debt, reserves, rates/fee schedules, other fiscal indicators); and staffing
- ✚ Capacity of public services, programs, and facilities; and service to disadvantaged communities
- ✚ Shared services/facilities and collaboration

- ✚ Accountability, structure, and efficiencies
- ✚ Governance structure options

**The MSR Process** - Following a formal Request for Proposal and selection process, Economic & Planning Systems, Inc. and Berkson Associates were hired to prepare the MSR report.

To date, the MSR process has entailed the following:

- ✚ December 2019 – Kick-off
- ✚ February 2020 - Presentation to Public Managers Association
- ✚ January – October 2020 – Data Collection/Verification (4-month extension granted at the request of City Managers due to COVID)
- ✚ October 2020 – March 2021 – Follow-up with local agencies, analysis, drafting of report
- ✚ April 1, 2021 – release of Public Review Draft MSR

The Public Review Draft Parks & Recreation Services MSR was released on April 1, 2021 and posted on the LAFCO website (<http://contracostalafco.org/agencies/municipal-service-reviews/>). Local agencies and interested parties were notified of the availability of the report and 30-day public comment period, which ends on April 30, 2021. Local agencies are encouraged to place the Public Review Draft MSR on their City Council/Board agendas for public discussion and input.

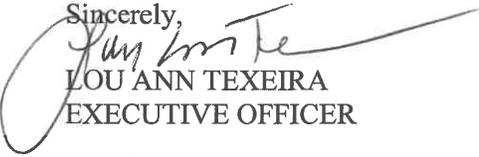
On April 14<sup>th</sup>, LAFCO will hold the first of two public hearings on the Public Review Draft MSR. At the hearing, the MSR consultants will present a summary of the MSR report and major findings. Following the presentation and LAFCO staff report, the Commission will receive public comment and provide direction. No final action on the Draft MSR report will be taken on April 14<sup>th</sup>. To date, LAFCO has received written comments from Roger Chelemedos, a copy of which is attached (Attachment 1).

The Commission will be asked to set a public hearing for June 9, 2021, at which time the Commission will be asked to accept the Final MSR report, adopt the required MSR and SOI determinations, and update the SOIs for the three park & recreation districts and eight CSAs covered in the MSR report. The SOIs for the 19 cities and four CSDs were updated in conjunction with the 2019 City Services MSR; and Alameda LAFCO is the principal LAFCO for East Bay Regional Park District and is responsible for updating that District's SOI.

#### **RECOMMENDATIONS:**

1. Receive the staff report and consultants' presentation,
2. Open the public hearing and receive comments,
3. Close the public hearing and provide comments and direction to the MSR consultants and LAFCO staff, and
4. Direct LAFCO staff to set a public hearing for June 9, 2021, at which time the Commission will be asked to accept the Final MSR, make the required determinations, and update SOIs.

Sincerely,

  
LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment 1 – Correspondence from Roger Chelemedos

c: Distribution

March 28, 2021

Dear Lafco Commissioners,

We understand that the Pleasant Hill Parks and Recreation Boundaries are under review, which review has been substantially delayed by the Covid Pandemic. Since it has been two years since our first formal communication, we felt it best to send a letter to update you on what has happened in the district since our prior letter, which lays out the substantial case for removal from the district and that original letter is included in your materials and was signed by a representative 40 members of our community. Some of the below has been brought to your attention in public meetings pre-covid, and we apologize for any duplication.

Said again, we firmly believe that zip code 94549 (Lafayette residents, city and county) should no longer be a part of the park district, this a very antiquated inclusion and is no longer appropriate and the district is surely committed to parks and recreation for residents of Pleasant Hill (and not Lafayette) as the district states over-and-over in its marketing materials--please see a recent General Manager communication included herewith making that exact statement.

As we have previously noted, there is one district park near the Lafayette/Pleasant Hill border, Brookwood Park. Since the Measure K parcel tax passed over 10 years ago, the 94549 residents (residents of Lafayette city and county), we estimate, have provided the park district between ~\$500,000-\$1,000,000 in tax receipts, and this individual park has received no meaningful investment...the basketball court and picnic facilities are unusable and park facility/equipment is substantially deteriorated. The park is used as a local dog

park for VERY nearby residents of Pleasant Hill and Lafayette, no more more no less. It is a treacherous walking area since we do not have sidewalks leading through our neighborhoods to the park and our streets are narrow and quite dangerous and we have a lot of cut-through traffic. Very sadly, you might recall that a bicyclist lost his life in August, 2018 on these streets. It is not fair to continue to saddle the 94549 residents into the district for maintenance of this one park. In fact, we have now adequately funded it in perpetuity.

As I mentioned to the LAFCO board last year, the district was looking to raise an additional \$63.5 million via Measure A, an additional cost between \$5,000 and \$10,000 over the life of a typical household in zip code 94549 and, again, for no additional benefit to our community and the parks and recreation that we use...in Lafayette. Lafayette residents were caught off-guard by this ballot initiative, and we worked quickly to defeat it despite being substantially outspent. That said, it is a sad day when we are working to defeat park and recreation measures because of antiquated lines on a district map...we worked to defeat it only because it is inappropriate grab of taxpayer money since we do not use the facilities of the district, especially those we are paying for so dearly.

Since Measure A was defeated, I have communicated several times with the general manager of the district. Although pleasant and friendly conversations, the fact remains that we are not served by the district and we want out or a substantial break on fees we pay to the district. We have and are contributing substantial sums into the district treasury, and the district is happy with that...but we are not. Out of pure economic necessity, we will oppose any and all measures to raise additional taxes/bonds that serve to benefit the park district. And we know that is crazy, **and only you can help us fix the inequity**. I have spoken with Ms. Texeira several times about removal from the district and, I must say, it is a staggering process and we desperately need your help to find a simple way to exit the district and/or stop paying additional bond/tax funds in perpetuity. The exit process is simply too hard and too costly for us to navigate.

It is much easier to defeat a ballot measure. In fact, in the day of social media, it is very easy to defeat a tax measures that require two-thirds approval to pass...Measure K received a 45% "no" vote, of which I am sure we were a substantial portion.

We thank you for your time, and we kindly ask for your help.

Respectfully submitted on behalf of the 40 residents who signed the original attached documents, and thank you,

Roger Chelemedos

March 29, 2019

Contra Costa Local Agency Formation  
Commission  
651 Pine St, 6<sup>th</sup> Floor

Attn: Ms. Lou Ann Texeira

Dr. Commission Members and Staff

On behalf of the Lafayette residents of Reliez Valley, we kindly request a review of the district boundaries of the Pleasant Hill Parks and Recreation District a("the District or PPHRD") and ultimately the removal of all Lafayette residents (city and county) from the District.

As you know, the District was established in 1951, before incorporation of the cities of Pleasant Hill and Lafayette. Since then, much has changed. Very importantly, with the incorporation of Lafayette, and the change in school district for Reliez Valley residents from the Pleasant Hill to Lafayette schools (~30 years ago), the Lafayette Reliez Valley residents find themselves in a predicament...paying huge sums to the Pleasant Hill Parks and Recreation District for services and facilities they barely, if ever, use. This was significantly exacerbated by the passage of Measure E in 2009, which will cause many of Lafayette's residents to pay in excess of \$10,000 over the 30-year term of the Measure E bond, the proceeds of which were largely used to build Pleasant Hill's Senior Center, Pleasant Hill's Teen Center, the Pleasant Hill community center, significantly upgrade Pleasant Hill's Pleasant Oaks Park, and upgrade bathroom facilities at various parks primarily serving Pleasant Hill citizens. These facilities are lightly, if ever, used by Lafayette residents.

PHPRD is awesome, and we admire the District and its leaders, but we are served by the Lafayette Parks and Recreation Department and Lafayette Moraga Youth Association and have been for many years. It is simply unfair for our constituents to pay such large sums to PPHRD. We estimate that our Lafayette neighbors pay between \$50,000 and \$100,000 annually for the facilities that we do not use. And since we only represent a small fraction of the constituents of the district (~300 of 16,000 households, <2%), we are totally disenfranchised and kindly need help to separate from the District. It is our view, supported by activities and investments in the District, that the District's focus is squarely on central and eastern Pleasant Hill, as the use of the Measure E proceeds proves, and as further evidenced by the District's recent agreement to purchase a \$3 million , 5-acre parcel on Oak Park Boulevard, adjacent to Pleasant Hill Middle School, for future park development.

Separately, our residents are submitting to have the sphere of influence for our area reviewed and changed from Pleasant Hill to Lafayette. We support this effort

wholeheartedly, and also believe this is a change that should have been made many years ago, probably when the school district in this area was changed.

We understand that there is a financial downside to removing our constituents from the District. That said, there may be no better time than now to separate., and keeping us in the district just because provide money, but do not use the facilities, is fundamentally unfair. We note that the District has operated at a significant surplus for 5 years in a row, ending the most recent year with a \$400,000 surplus and an unheard of A+ credit rating from Standard Poor's.

We read the report by Burr Consulting from the last time a district review was undertaken. We noted that the consultant called out "In areas where PHRPD boundaries overlap city boundaries there would appear to be a duplication of services, as both PHRPD and the cities of Lafayette and Walnut Creek provide park and recreation services" and that different boundary options were considered, including the exclusion of Lafayette residents from the district. Based on the report, it appears that the primary reason for not separating Lafayette from the district is the adjacency of Brookwood Park to Lafayette. More than once, the report indicates that "residents in this area visit the park frequently due to the proximity". While the adjacency is undeniable, very few residents use the park. It is aging, with no investment made in over 15 years (with exception of the installation of 2 port-a-potties from Brookwood Park's portion of the Measure E funds), and, most importantly, it is poorly located. The park is at the corner of two very busy streets, Taylor Blvd and Withers Avenue. There are very few sidewalks in proximity to the park, so getting to the park is treacherous. From our observations over the past several years, the park is scantily utilized except for occasional dog walkers from the immediate (< 50 home) neighborhood. There are many options here, but none of them should fairly ask the citizens of Lafayette to pay \$50,000 -\$100,000 per year so a small number of dog walkers can use Brookwood Park. If separated, we would hope to work with the District to find a more equitable funding solution for ongoing maintenance at Brookwood Park.

Again, on behalf of the Lafayette city and county residents of Reliez Valley, we kindly and respectfully ask for separation from the Pleasant Hill Parks and Recreation District. We are simply not connected to the District in vision, strategy, recreational facilities and services and do not share the view that District should be concentrically focused on Pleasant Hill with us as a part of the District. While it might have made sense for our neighborhood to belong to the district in the past, that is simply not the case any longer, and has become, financially, heavily burdensome and fundamentally unfair.

Thank you for you consideration.

Respectfully, Lafayette City & County Residents and District Members,

Electronically signed by:

Shira Abel

Tom Barber

Roger Chelemedos

Yumi Chelemedos

Franca Del Ponte

Dave Dorian

Rachel Dreyer

Tom Dreyer

Brian Dunton

Shawna Dunton

Chris Evans

Lindy Evans

John Hemmenway

Kathy Hemmenway

Leonora Holmes

Neil Holmes

Hayes Hollar

Heidi Keely

Rick Keely

Rosemary Kirbach

Raj Krishna

Rupy Krishna

Lynda Lurie

Cathy McCarthy

Jack McCarthy

Maria Nelson

Matt Nelson

Dan O'Toole

Stephanie O'Toole

Erin Park

April Raffel

Robert Raffel

Ashley Stevens

Mike Stevens

Pete Stevens

Penny Stevens

Deborah Warren

Fred Warren

Jocelyn Werner

Peter Werner



# General Manager's Message

## Celebrating 70 Years of Play!

By Michelle Lacy  
General Manager, Pleasant Hill Recreation & Park District

Happy New Year!

Get ready to celebrate with us! On January 19th, the Rec & Park District officially turns 70 years old and we have lots of plans in the works to celebrate this exciting anniversary milestone! Watch for fun virtual and in-person (when allowed) commemorative activities all year long, kicking off with a virtual Anniversary Cake Bake-Off and other fun Birthday celebrations in January and social media trivia contests in February. All ages welcome to participate! Visit our website at [www.pleasanthillrec.com](http://www.pleasanthillrec.com) or follow us on our Rec & Park Facebook, Instagram or Twitter pages @pleasanthillrec to learn more about our 70th anniversary festivities.

Celebrating your 70th birthday in 2021 or know a local resident who is? Send us a photo and contact information, including [info@pleasanthillrec.com](mailto:info@pleasanthillrec.com).

### About Pleasant Hill Rec & Park District

Established on January 19, 1951, Pleasant Hill Recreation & Park District was formed by the citizens who valued parks and recreational opportunities for all people in their community. Rec & Park became a special district, a unique government entity, separate from the City of Pleasant Hill and other organizations, and has grown to become a cornerstone of what makes Pleasant Hill such a great place to live in. Today, Rec & Park provides and manages extensive District-owned parks, community facilities, open space, and recreation programs and events throughout the community. The support of the community and the countless volunteers over the years has been tremendous and paramount to many of Rec & Park efforts to improve, build and make life better for everyone. Thank you

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Lou Ann Teixeira  
 Executive Officer

**MEMBERS**

<b>Candace Andersen</b> <i>County Member</i>	<b>Federal Glover</b> <i>County Member</i>
<b>Donald A. Blubaugh</b> <i>Public Member</i>	<b>Michael R. McGill</b> <i>Special District Member</i>
<b>Tom Butt</b> <i>City Member</i>	<b>Rob Schroder</b> <i>City Member</i>
<b>Igor Skaredoff</b> <i>Special District Member</i>	

**ALTERNATE MEMBERS**

<b>Diane Burgis</b> <i>County Member</i>
<b>Stanley Caldwell</b> <i>Special District Member</i>
<b>Charles R. Lewis, IV</b> <i>Public Member</i>
<b>Edi Birsan</b> <i>City Member</i>

April 14, 2021 (Agenda)

**April 14, 2021  
 Agenda Item 8**

Contra Costa Local Agency Formation Commission  
 40 Muir Road, 1<sup>st</sup> Floor  
 Martinez, CA 94553

**Proposed FY 2021-22 LAFCO Budget**

Dear Members of the Commission:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) establishes a specific process for preparing and adopting LAFCO’s budget. Government Code §56381 provides that the Commission shall annually adopt a proposed budget by May 1 and final budget by June 15, following noticed public hearings. This report presents the proposed budget and work plan for FY 2021-22.

**BUDGET SUMMARY:** The proposed FY 2021-22 budget (attached) includes appropriations totaling \$856,248 and reflects an overall decrease of approximately 14% as compared to the FY 2020-21 budget. The decrease is primarily attributable to reduced employee benefit and retirement costs personnel costs, cost savings in several services & supplies accounts, and proposed reductions in Other Post Employment Benefit (OPEB) prefunding and the contingency reserve.

Included in the total appropriations for FY 2021-22 are annual pre-funding contributions of \$25,000 to fund LAFCO’s OPEB liability and \$30,000 to fund LAFCO’s retirement liability (Contra Costa County Employees’ Retirement Association – CCCERA), along with an \$80,000 contingency reserve fund. It is recommended that the Commission retain the annual \$30,000 CCCERA funding, reduce the OPEB pre-funding from \$40,000 to \$25,000 as LAFCO is over 80% funded as reflected in the most recent actuarial valuation. It is also recommended that the Commission retain a 10% contingency reserve of 80,000 pursuant to Commission policy. Details regarding expenditures and revenues are presented below.

**EXPENDITURES:** The expenditure portion of the budget is divided into three main categories: *Salaries & Benefits, Services & Supplies, and Contingency/Liability.* A summary of expenditures and variances is provided below.

Salaries & Benefits

The FY 2021-22 staffing level includes one full-time Executive Officer (EO) and one half-time Executive Assistant/LAFCO Clerk (Clerk). As proposed, the FY 2021-22 budget retains the current staffing level. LAFCO staff is supplemented with use of consultants and County services.

The proposed FY 2021-22 *Salaries & Benefits* account totals \$380,045, reflecting a 1.8% as compared to the FY 2020-21 budget.

Regarding the FY 2020-21 budget year-end estimates, we note that the year-end estimate for *Salaries & Benefits* is lower than the budgeted amount. This is due to anticipated savings in FICA, retirement, and employee group insurance.

LAFCO is supported by private and public service providers on an as-needed basis. The County provides fiscal, drafting, mapping/GIS and legal services. Also, LAFCO contracts with private firms for website maintenance, financial auditing, environmental planning, and to assist with Municipal Service Reviews (MSRs) and special studies. The FY 2021-22 budget assumes the continuation of these contract services as reflected in the Services & Supplies accounts.

### Services & Supplies

The *Services & Supplies* account includes funding for various services, programs and projects including administrative (e.g., office, insurance, rent, utilities, equipment/systems, training, memberships, etc.), contract services (assessor, auditing, GIS, legal, planning, website, etc.), and programs/projects (e.g., MSRs, special studies, etc.).

The proposed FY 2021-22 *Services & Supplies* account totals \$341,203 and reflects a decrease of 22% as compared to the FY 2020-21 budget. LAFCO anticipate reductions in several accounts including communications/equipment, planning, legal, special studies, and data processing.

Regarding the FY 2020-21 adopted budget compared to year-end estimates, we anticipate savings in several accounts (i.e., *Office Expense, Minor Computer Equipment, Employee Travel, Legal, MSRs, Special Studies, Data Processing Services, and Commissioner Training*). There were no significant cost overruns or unanticipated costs.

### Contingency Reserve Fund

Each year, the Commission appropriates funds for unanticipated expenses (i.e., special studies, potential litigation, etc.). The Commission's policy provides that "*the annual budget shall include a contingency reserve (i.e., 10% of budget) as determined by the Commission. Funds budgeted in the contingency reserve shall not be used or transferred to any other expense account without prior approval of the Commission.*" No contingency funds have been used this fiscal year. The FY 2021-22 budget, as proposed, includes an \$80,000 contingency reserve fund in accordance with the Commission's policy.

### Other Post-Employment Benefits (OPEB)

Since FY 2011-12, LAFCO has included in its budget an annual expense to pre-fund its OPEB liability. The FY 2011-12 through FY 2014-15 budgets included an appropriation of \$10,000 per year to fund this liability. Following LAFCO's first actuarial valuation in 2014, the Commission increased its annual appropriation to \$40,000. The most recent GASB report (measurement period 7/1/19 to 6/30/20) shows LAFCO's net OPEB liability is \$67,463, and that LAFCO is over 80% funded. In consultation with LAFCO's actuarial and financial auditor, it is recommended that LAFCO reduce its annual OPEB pre-funding from \$40,000 to \$25,000. Also included in the FY 2021-22 budget is funding for an actuarial valuation.

### Pre-funding Retirement Liability (CCCERA)

In FY 2017-18, LAFCO began prepaying a portion of its unfunded retirement liability to have a better contribution rate. As in prior years, the FY 2021-22 budget includes a \$30,000 contribution

to fund LAFCO's unfunded retirement liability. The most recent *CCCERA Contribution Rate Report* (12/31/19 Valuation) indicates LAFCO's Unfunded Actuarial Accrued Liability (UAAL) is \$82,000. LAFCO should reevaluate its liability in the next CCCERA report and consider reducing its annual prepayment.

LAFCO entered into an agreement with CCCERA and CCCERA's actuary determines the liability and impact of pay down. The payments made to CCCERA are added to fiduciary plan assets and earn investment income like all other assets. CCCERA does not require a separate trust like an OPEB irrevocable trust because CCCERA, by definition, is a fiduciary trust fund. CCCERA's actuary tracks payments made against the LAFCO liability, which will reduce the liability and annual contributions from employer and employees because the liability is decreasing. Every three years, an experience is performed to confirm if the valuation and assumptions used to determine the liability are on track and accurate.

## **REVENUES**

Revenues consist primarily of apportionments received from the County, cities, and independent special districts with each group paying one-third of the net operating LAFCO budget. The city and district shares are prorated based on general revenues reported to the State Controller. Other revenues include application fees, available year-end fund balance, and miscellaneous revenue (e.g., interest earnings).

### Application Charges and Other Revenues

The FY 2020-21 budget included an anticipated \$25,000 in application fees based on a multi-year historical average. It is projected that LAFCO will receive approximately \$16,000 in application fees in the current fiscal year, which less than anticipated as application activity has recently declined. The proposed FY 2021-22 budget includes \$20,000 in anticipated application fees.

### Fund Balance

Government Code §56381(c) provides: "If at the end of the fiscal year, the Commission has funds in excess of what it needs, the Commission may retain those funds and calculate them into the following fiscal year's budget."

The FY 2020-21 fund balance is currently unknown and will be calculated at year end (typically by October). However, based on the beginning year fund balance, and projected FY 2020-21 revenues and expenses, it is estimated that the available fund balance will be over \$175,000.

The LAFCO fund balance, or any portion thereof, can be used to offset the FY 2021-22 revenues, thereby reducing contributions from the funding agencies (County, cities, districts); or placed in a reserve account, separate from the contingency reserve that is appropriated each year.

The proposed FY 2021-22 budget provides that, to the extent possible, a portion of fund balance be used to offset FY 2021-22 revenues.

### Revenues Received from the County, Cities, and Independent Special Districts

After processing fees, available fund balance and other miscellaneous revenues, the balance of LAFCO's financial support comes from local governmental agencies. Agency contributions represent the most significant LAFCO revenue source.

The CKH Act requires that the net operational costs of LAFCO be apportioned one-third to the County, one-third to the cities, and one-third to the independent special districts. The CKH Act describes how the County Auditor is to make the apportionment and collect the revenues once LAFCO adopts a Final Budget (Gov. Code §56381). The city and district allocations are based on revenues reported to the State Controller and vary year to year.

As indicated above, the overall budget is expected to decrease by approximately 14%. The proposed use of the available fund balance will offset agency contributions for FY 2021-22. The amount of revenue from other government agencies required to fund the FY 2020-21 budget was \$794,882. As proposed, the total amount of revenue from other government agencies needed to fund the FY 2021-22 budget is \$661,248, reflecting a 16.8% decrease.

### **LAFCO RESPONSIBILITIES, ACCOMPLISHMENTS & GOALS**

The FY 2021-22 budget schedule provides for public hearings and consideration of a Proposed Budget (April 14, 2021) and a Final Budget (June 9, 2021). The time between these Commission actions is to allow for review and comment by local agencies, the public other interested parties, as well as to update budget information.

In accordance with the work plan and proposed budget, staff provides a summary of LAFCO responsibilities, accomplishments as follows.

#### Major LAFCO Responsibilities

LAFCO receives its authority and statutory responsibilities from the CKH Act. Included among LAFCO's major responsibilities are:

- Act on proposals for changes of organization and reorganizations (i.e., annexations/ detachments, out of agency service extensions, incorporations, consolidations/mergers, district formations/ dissolutions, etc.)
- Establish, review and update spheres of influence (SOIs) for cities and special districts
- Conduct MSRs prior to or in conjunction with establishing or updating SOIs
- Perform special studies relating to services and make recommendations about consolidations, mergers, or other governmental changes to improve/enhance services and efficiencies
- Serve as Responsible or Lead Agency for compliance with CEQA
- Serve as the conducting authority to conduct protest hearings relating to changes of organization/ reorganizations
- Provide public information about LAFCO and public noticing of pending LAFCO actions
- Establish and maintain a website
- Adopt and update written policies and procedures
- Adopt an annual budget

#### Highlights of FY 2020-21

The following is a list of LAFCO's major goals and accomplishments for FY 2020-21:

#### **Boundary Change and Related Applications**

- a. Completed proceedings for five changes of organization/reorganizations and one SOI amendment; conducted corresponding public hearings
- b. Received four new applications including two annexations and two out of agency service requests
- c. Worked with San Joaquin LAFCO on transfer of jurisdiction

**MSRs/SOI Updates**

- a. Initiated and released Public Review Draft 2<sup>nd</sup> round “*Parks & Recreation Services*” MSR/SOI updates covering all 19 cities, four community services districts, three park & recreation districts, one regional parks district, and eight county service areas
- b. Hired Planwest Partners, Inc. and initiated 2<sup>nd</sup> round Cemetery Services MSR/SOI updates

**Special Projects/Activities**

- a. Issued a Request for Proposals and hired new environmental planning firm (Swale, Inc. and Baracco Associates)
- b. Participation in ongoing fire district consolidation study (Contra Costa County Fire Protection District, East Contra Costa Fire Protection District, Rodeo Hercules Fire Protection District)
- c. Pending Litigation (Los Medanos Community Health Care District vs. Contra Costa LAFCO)

***Administrative and Other Activities***

- a. Appointed 2021 LAFCO Chair (Skaredoff) and Vice Chair (Schroder)
- b. Bid farewell to Commissioner Sean Wright
- c. Worked with the CC Mayors Conference on appointment of new city member Edi Birsan
- d. Completed FY 2018-19 financial audit
- e. Initiated update to LAFCO Directory of Local Agencies (underway)
- f. Ongoing website updates
- g. Quarterly budget reports
- h. Updated LAFCO Employee Salary Plan
- i. Completed employee performance review (LAFCO Clerk)
- j. Provided comments on local agency environmental documents
- k. Received updates (Chang Boundary Reorganization)
- l. Submitted position letters on various bills affecting LAFCOs
- m. Participated in and supported CALAFCO

**FY 2021-22 Work Plan**

The recommended work plan for FY 2021-22 includes the following activities:

- ❖ Complete 2<sup>nd</sup> round *Parks & Recreation Services* MSR/SOI updates
- ❖ Complete 2<sup>nd</sup> round *Cemetery Services* MSRs/SOI updates
- ❖ Initiate 2<sup>nd</sup> round MSR/SOI updates covering either resource conservation, mosquito & vector control, county service area (CSAs), or other services as determined by the Commission
- ❖ Policy updates (i.e., SOIs, disadvantaged communities, procedures for processing multi-county boundary changes, environmental guidelines)
- ❖ Complete FY 2019-20 financial audit
- ❖ Complete annual actuarial valuation
- ❖ Continue to participate in and support CALAFCO

In addition to the above, LAFCO staff will continue ongoing activities including processing applications; supporting Commission/Committee meetings; administering the budget; managing records, purchasing, and contracts; and performing other administrative activities. Staff will facilitate inter-agency communications; conduct education and outreach as needed; participate in

regional forums as appropriate; and participate in CALAFCO training and activities. In addition, LAFCO staff will continue to monitor and participate in ongoing litigation (LMCHD).

In conclusion, the Commission and LAFCO staff continue to exercise fiscal prudence, recognizing the financial constraints faced by our funding agencies. Approval of the proposed budget will enable the Commission to perform its core responsibilities and continue its work on MSRs/SOI updates, processing proposals, legislative activities, policy development, and other projects.

RECOMMENDATIONS

1. Receive the staff report and open the public hearing to accept testimony on the Proposed FY 2021-22 LAFCO Budget,
2. After receiving public comments close the hearing,
3. After Commission discussion, adopt the Proposed Budget for FY 2021-22, with any desired changes, and authorize staff to distribute the Proposed Budget to the County, cities and independent special districts as required by Government Code Section 56381, and
4. Schedule a public hearing for June 9, 2021 to adopt the Final FY 2021-22 LAFCO Budget.

Respectfully submitted,

  
LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment – Proposed FY 2021-22 LAFCO Budget

c: Distribution

**PROPOSED BUDGET****FY 2021-22****FY 2020-21****FY 2020-21****Year-end****FY 2021-22****Approved****(Estimated)****Proposed****Salaries and Employee Benefits**

Permanent Salaries- 1011	\$ 208,000	\$ 208,000	\$ 218,000
Deferred Comp Cty Contribution - 1015	\$ 1,615	\$ 2,040	\$ 2,040
FICA- 1042	\$ 18,000	\$ 13,684	\$ 15,000
Retirement expense- 1044	\$ 82,120	\$ 69,278	\$ 72,000
Employee Group Insurance- 1060	\$ 46,000	\$ 36,869	\$ 40,000
Retiree Health Insurance- 1061	\$ 30,000	\$ 30,150	\$ 31,700
Unemployment Insurance- 1063	\$ 150	\$ 218	\$ 230
Workers Comp Insurance- 1070	\$ 1,115		\$ 1,075
<b>Total Salaries and Benefits</b>	<b>\$ 387,000</b>	<b>\$ 360,239</b>	<b>\$ 380,045</b>

**Services and Supplies**

Office Expense- 2100	\$ 4,000	\$ 1,367	\$ 4,000
Publications -2102	\$ 25	\$ 144	\$ 250
Postage -2103	\$ 1,800	\$ 2,971	\$ 1,800
Communications - 2110	\$ 2,842	\$ 1,813	\$ 2,200
Tele Exchange Services 2111	\$ 2,382	\$ 1,618	\$ 2,000
Minor Furniture/Equipment - 2131	\$ -	-	-
Minor Comp Equipment - 2132	\$ 2,000	\$ 1,500	\$ 1,800
Pubs & Legal Notices 2190	\$ 3,800	\$ 1,847	\$ 2,100
Memberships - 2200	\$ 12,373	\$ 12,344	\$ 12,501
Rents & Leases - 2250 (copier)	\$ 5,600	\$ 5,031	\$ 5,600
Computer Software - 2251	\$ 1,000	\$ 1,176	\$ 1,000
Bldg Occupancy Costs - 2262	\$ 24,569	\$ 22,488	\$ 20,512
Bldg Life Cycle Costs - 2265	\$ 1,095	\$ 1,113	\$ 1,200
Bldg Maintennace - 2284	\$ 500	\$ 1,019	\$ 1,000
Auto Mileage Emp. - 2301	\$ 500	-	\$ 500
Other Travel Employees - 2303	\$ 11,900	\$ 7,200	\$ 13,000
Prof & Spec Services - 2310	\$ 300,113	\$ 137,245	\$ 215,940
Assessor	\$ 8,000	\$ 7,971	\$ 8,000
Financial Audit	\$ 8,700	\$ 5,233	\$ 8,700
GIS/Mapping	\$ 12,000	\$ 8,194	\$ 12,000
Legal	\$ 60,000	\$ 29,994	\$ 40,000
MSRs	\$ 150,000	\$ 81,153	\$ 130,000
Planning	\$ 25,000	\$ 3,000	\$ 10,000
Special Projects (document imaging)	\$ 3,673	-	\$ 2,000
Misc Investment Services/CCCERA Fees	\$ 240	\$ 200	\$ 240
Special Studies/Workshop/Actuarial Valuation	\$ 32,500	\$ 1,500	\$ 5,000
Contracted Temp Help - 2314 (Web)	\$ 3,060	\$ 3,060	\$ 3,060
Data Processing Services - 2315	\$ 19,700	\$ 6,179	\$ 13,000
Data Processing Security - 2326	\$ 250	-	\$ 250
Courier - 2331	\$ 1,000	\$ 894	\$ 1,000
Telcomm Rents, Leases, Labor - 2335	\$ 120	\$ 110	\$ 120
Other Inter-Dept Costs - 2340	\$ 599	-	\$ 400
Liability/E&O Insurance - 2360	\$ 6,854	\$ 6,854	\$ 6,170
Commission Training/Registration/Stipends - 2467	\$ 31,000	\$ 13,200	\$ 31,000
NOD/NOE Filings - 2490	\$ 800	\$ 550	\$ 800
<b>Total Services &amp; Supplies</b>	<b>\$ 437,882</b>	<b>\$ 229,723</b>	<b>\$ 341,203</b>
<b>Total Expenditures</b>	<b>\$ 824,882</b>	<b>\$ 589,962</b>	<b>\$ 721,248</b>
<b>Contingency Reserve</b>	\$ 100,000		\$ 80,000
<b>OPEB Trust</b>	\$ 40,000	\$ 40,000	\$ 25,000
<b>CCCERA Pre-Fund</b>	\$ 30,000	\$ 30,000	\$ 30,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 994,882</b>	<b>\$ 659,962</b>	<b>\$ 856,248</b>
<b>TOTAL REVENUES</b>	<b>\$ 994,882</b>	<b>\$ 985,576</b>	<b>\$ 856,248</b>
Agency contributions - 9500 & 9800	\$ 794,882	\$ 794,882	\$ 661,248
Application & other revenues	\$ 25,000	\$ 15,694	\$ 20,000
Fund Balance	\$ 175,000	\$ 175,000	\$ 175,000



Lou Ann Texeira  
 Executive Officer

**MEMBERS**

<b>Candace Andersen</b> <i>County Member</i>	<b>Federal Glover</b> <i>County Member</i>
<b>Donald A. Blubaugh</b> <i>Public Member</i>	<b>Michael R. McGill</b> <i>Special District Member</i>
<b>Tom Butt</b> <i>City Member</i>	<b>Rob Schroder</b> <i>City Member</i>
<b>Igor Skaredoff</b> <i>Special District Member</i>	

**ALTERNATE MEMBERS**

**Diane Burgis**  
*County Member*

**Stanley Caldwell**  
*Special District Member*

**Charles R. Lewis, IV**  
*Public Member*

**Edi Birsan**  
*City Member*

April 14, 2021

**April 14, 2021**  
**Agenda Item 9**

Contra Costa Local Agency Formation Commission  
 40 Muir Road, 1<sup>st</sup> Floor  
 Martinez, CA 94553

**Legislative Report - Update and Position Letter**

Dear Members of the Commission:

This year marks the first year of a two-year legislative session in Sacramento. Due to COVID-19, the Legislature has largely been shut down since March 2020. The Legislature is currently in session and the public can participate via teleconference.

The deadline to introduce new bills was February 19, 2021. CALAFCO is currently tracking 33 bills as shown on the attached report (Attachment 1). The 2021 Legislative calendar notes that the last day for each house to pass bills is September 10, 2021; and the last day for the Governor to sign/veto bills is October 10, 2021.

CALAFCO is sponsoring its annual omnibus **AB 1581 Assembly Local Government Committee** (ALGC) which includes technical changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. On March 18th, CALAFCO issued a call for legislative action requesting that each LAFCO send a letter of support for the AB 1581 by April 22, 2021 Attached please find the draft letter for the Commission’s consideration (Attachment 2).

One of the bills CALAFCO is tracking is AB 903 (Frazier) Los Medanos Community Healthcare District (LMCHD). This bill would dissolve LMCHD and name Contra Costa County as the successor agency. As of this writing, CALAFCO and California Special Districts Association have “watch” positions on this bill, and the Association of California Healthcare Districts has not yet taken a position. AB 903 was referred to the ALGC.

Contra Costa County has taken a support position on AB 903. Given the Commission’s prior action to dissolve LMCHD, LAFCO staff and the LAFCO Chair submitted a letter supporting AB 903 (Attachment 3) due to time sensitivity. The Assembly Local Government Committee will hold a hearing on AB 903 on April 14, 2021.

Contra Costa LAFCO's legislative policy provides our LAFCO with flexibility to respond to urgent legislation that affects LAFCO. Specifically, the policy provides that in "*situations when proposed legislation affecting LAFCO cannot be considered by the full Commission due to timing, the Executive Officer, in consultation with the LAFCO Chair (or Vice Chair in the absence of the Chair), is authorized to provide written or email comments communicating the Commission's position if the position is consistent with the adopted legislative policies of the Commission. The Chair or Vice Chair would review the letter or email prior to it being submitted. The Executive Officer will forward the email or letter to the Commission as soon as possible. The item will be placed on the next regular LAFCO meeting agenda as either "informational" or for discussion purposes.*"

Other CALAFCO legislative activities include working with several state associations to rewrite the LAFCO protest provisions. The Protest Provisions Rewrite Working Group is currently meeting virtually.

**RECOMMENDATION** – Receive legislative update and provide direction to staff.

Sincerely,



LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment 1 – CALAFCO Legislative Report  
Attachment 2 – Letter of Support – AB 1581  
Attachment 3 – Letter of Support – AB 903

## CALAFCO Daily Legislative Report as of Wednesday, April 07, 2021

1

### [AB 339](#) **(Lee D) State and local government: open meetings.**

**Current Text:** Introduced: 1/28/2021 [html](#) [pdf](#)

**Introduced:** 1/28/2021

**Status:** 1/29/2021-From printer. May be heard in committee February 28.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Current law requires all meetings, as defined, of a house of the Legislature or a committee thereof to be open and public, and requires all persons to be permitted to attend the meetings, except as specified. This bill would require all meetings, including gatherings using teleconference technology, to include an opportunity for all persons to attend via a call-in option or an internet-based service option that provides closed captioning services and requires both a call-in and an internet-based service option to be provided to the public.

**Attachments:**

[AB 339 Fact Sheet](#)

**Position:** Watch

**Subject:** Other

**CALAFCO Comments:** This bill allows for continued remote participant in local (and state) hearings/meetings while adding requirements for both call-in and internet service based options for all public meetings; requires providing closed caption services; and requires agencies to provide language access services.

The bill requires teleconferenced meetings to include an in-person public comment opportunity that creates a place where members of the public can gather at a designated site to give public comment (barring any in-person restrictions). Further, the bill requires the agenda and instructions for accessing the meeting to be translated into all languages for which 5% of the population in the area governed by the local agency is a speaker.

The bill adds requirements for local agencies to employ a sufficient amount of qualified bilingual people to provide translation services during the meeting in the language of the non-English speaking person (consistent with all languages for which 5% of the population in the area governed by the local agency speak).

The bill adds similar requirements for any state legislative body. All of these new requirements are unfunded mandates.

This bill is sponsored by the Leadership Counsel for Justice and Accountability. A fact sheet is posted in the tracking section of the bill.

### [AB 361](#) **(Rivas, Robert D) Open meetings: local agencies: teleconferences.**

**Current Text:** Amended: 4/6/2021 [html](#) [pdf](#)

**Introduced:** 2/1/2021

**Last Amended:** 4/6/2021

**Status:** 4/6/2021-From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV. Read second time and amended.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency, during a declared state of emergency or local emergency, as those terms are defined, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency provided the legislative body makes certain determinations by majority

vote. The bill would require legislative bodies that hold teleconferenced meetings under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment.

**Attachments:**

[AB 361 Fact Sheet](#)

**Position:** Watch

**Subject:** Brown Act

**CALAFCO Comments:** Executive Order No. N-29-20 suspends the Ralph M. Brown Act's requirements for teleconferencing during the COVID-19 pandemic provided that certain requirements are met (noticing, public access, etc.). This bill allows a local agency to conduct meetings using teleconference methods without complying with certain teleconferencing requirements if they are meeting for the purposes of declaring or ratifying a local emergency, during a declared state or local emergency (as defined in statute), when state or local health officials have imposed or recommended certain measures to promote social distancing, and during a declared local emergency provided the legislative body makes certain determinations by majority vote.

The legislative body must give notice of the meeting and post agendas to allow members of the public to access the meeting and address the legislative body, offer public comment, and protect rights of the parties and public appearing before the legislative body. The bill also rescinds the requirement that at least a quorum of the body must meet within the jurisdictional boundaries of the agency under these circumstances when meeting via telecon.

This bill is sponsored by the CA Special Districts Association (CSDA). According to CSDA, amendments are pending that will: address concerns of access mentioned throughout the fact sheet (e.g., call-in or internet-based access), language prohibiting local agencies from requiring that public comments be submitted in advance, adding a 30-day sunset provision, and addressing technological disruptions, limiting the applicability of the bill's provisions to local emergencies proclaimed by counties (i.e., not cities) and technical language about the immediacy of the health threats covered by the bill. The bill is not marked fiscal. A fact sheet is posted in the tracking section of the bill.

**[AB 703](#) (Rubio, Blanca D) Open meetings: local agencies: teleconferences.**

**Current Text:** Introduced: 2/16/2021 [html](#) [pdf](#)

**Introduced:** 2/16/2021

**Status:** 2/25/2021-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Current law, by Executive Order N-29-20, suspends the Ralph M. Brown Act's requirements for teleconferencing during the COVID-19 pandemic, provided that notice requirements are met, the ability of the public to observe and comment is preserved, as specified, and that a local agency permitting teleconferencing have a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, as specified. This bill would remove the requirements of the act particular to teleconferencing and allow for teleconferencing subject to existing provisions regarding the posting of notice of an agenda and the ability of the public to observe the meeting and provide public comment. The bill would require that, in each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the local agency also give notice of the means by which members of the public may observe the meeting and offer public comment and that the legislative body have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act, as provided.

**Position:** Watch

**Subject:** Brown Act

**CALAFCO Comments:** As introduced, the bill removes the requirement to post agendas at all teleconference meeting locations and having to identify all telecon locations in the notice and agenda for the meeting. The bill explicitly requires a local agency to give notice to the public how they can observe the meeting and offer public comment. It further required the local agency to respond to requests for reasonable ADA accommodation requests. The bill also removes certain

provisions relating to the telecon meeting of a health authority.

It is CALAFCO's understanding that the author is working with Assm. Rivas (AB 361) and the Assembly Local Government Committee on amendments and possibly joining the two bills. Amendments are not yet available so CALAFCO will keep a watch on the bill until those are available.

The bill is sponsored by Three Valleys Municipal Water Agency.

**AB 1581 (Committee on Local Government) Local government: omnibus.**

**Current Text:** Introduced: 3/9/2021 [html](#) [pdf](#)

**Introduced:** 3/9/2021

**Status:** 3/11/2021-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Current law requires a local agency formation commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Current law requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Current law requires the commission to adopt, amend, or revise spheres of influence after a public hearing called and held for that purpose. This bill would revise and recast that provision to provide that the commission is required to adopt, amend, or update spheres of influence after a public hearing called and held for that purpose.

**Attachments:**

[LAFCo Support letter template](#)

[CALAFCO Support letter](#)

**Position:** Sponsor

**Subject:** CKH General Procedures

**CALAFCO Comments:** This is the annual ALGC Omnibus bill which CALAFCO sponsors. Sections amended are: 56133(a) and (f); 56325.1 (renumbered to 56331.4); 56427; and 56879(a).

Several other non-substantive amendments to CKH are pending and the bill will be amended to reflect those upon completion of the full stakeholder review process.

**SB 810 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/23/2021 [html](#) [pdf](#)

**Introduced:** 2/23/2021

**Status:** 3/22/2021-Read third time. Urgency clause adopted. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

This bill would enact the First Validating Act of 2021, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Attachments:**

[CALAFCO Support Letter March 2021](#)

**Position:** Support

**Subject:** Other

**CALAFCO Comments:** These are the annual validating Acts.

**SB 811 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/23/2021 [html](#) [pdf](#)

**Introduced:** 2/23/2021

**Status:** 3/22/2021-Read third time. Urgency clause adopted. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

This bill would enact the Second Validating Act of 2021, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Attachments:**

[CALAFCO Support Letter March 2021](#)

**Position:** Support

**Subject:** Other

**CALAFCO Comments:** These are the annual validating Acts.

**SB 812 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/23/2021 [html](#) [pdf](#)

**Introduced:** 2/23/2021

**Status:** 3/22/2021-Read third time. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

This bill would enact the Third Validating Act of 2021, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Attachments:**

[CALAFCO Support Letter March 2021](#)

**Position:** Support

**Subject:** Other

**CALAFCO Comments:** These are the annual validating Acts.

**AB 1195 (Garcia, Cristina D) Drinking water.**

**Current Text:** Amended: 4/6/2021 [html](#) [pdf](#)

**Introduced:** 2/18/2021

**Last Amended:** 4/6/2021

**Status:** 4/6/2021-From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV. Read second time and amended.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Current law establishes the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms. Current law authorizes the state board to provide for the deposit into the fund of certain moneys and continuously appropriates the moneys in the fund to the state board for grants, loans, contracts, or services to assist eligible recipients. This bill would prohibit, once an operator of a public water system exercises water rights for the benefit of the public water system, those surface water rights or groundwater rights from being severed or otherwise separated from the public water system.

**Attachments:**

[AB 1195 Fact Sheet](#)

**Position:** Watch

**Subject:** Water

**CALAFCO Comments:** AB 1195 creates the Southern Los Angeles County Regional Water Agency, intended to provide a framework for regional water collaboration that reduces conflict and provides a public agency that can take over failing water systems. The bill does a number of things including: Authorizes the Regional Agency to do the full range of activities related to water, from operating wholesale and retail public water systems to reducing stormwater pollution and cleaning up groundwater contamination; establishes a board of directors made up of locally elected council members (including COG appointed representatives); and authorizes the Regional Agency to draw revenues from the customers for the public water systems it operates and the services it provides, which may include water rates, charges, fees, or parcel charges. The bill specifies the boundaries of

the new Agency, as well as the authority and powers, and governance structure.

In its current form, this is a special legislation Agency without LAFCo involvement in the formation. CALAFCO and LA LAFCo are working to find out what local entities were involved in the discussions of this legislation and what the intended and unintended impacts/consequences this bill will have.

The bill is author-sponsored and we understand there is currently no funding source. A fact sheet is posted in the tracking section of the bill.

**AB 1250 (Calderon D) Water and sewer system corporations: consolidation of service.**

**Current Text:** Introduced: 2/19/2021 [html](#) [pdf](#)

**Introduced:** 2/19/2021

**Status:** 3/4/2021-Referred to Coms. on E.S. & T.M. and U. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:**

4/7/2021 9 a.m. - State Capitol, Room 4202 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

**Summary:**

The California Safe Drinking Water Act, provides for the operation of public water systems and imposes on the State Water Resources Control Board related regulatory responsibilities and duties. Current law authorizes the state board to order consolidation of public water systems where a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water, as provided. This bill, the Consolidation for Safe Drinking Water Act of 2021, would authorize a water or sewer system corporation to file an application and obtain approval from the commission through an order authorizing the water or sewer system corporation to consolidate with a public water system or state small water system. The bill would require the commission to approve or deny the application within 8 months, except as provided.

**Attachments:**

[AB 1250 Fact Sheet 2021](#)

**Position:** Watch

**Subject:** Municipal Services, Water

**CALAFCO Comments:** The intent of the bill is to prescribe response timelines for the PUC in terms of processing consolidations. This bill creates the Consolidation for Safe Drinking Water Act of 2021. The bill allows a water or sewer corp to file an application with the Public Utilities Commission (PUC) to approval to consolidate with a public or state small system. The bill requires the PUC to act on the application within 8 months of receipt. If a consolidation is valued at \$5 million or less, the water or sewer corp can file an advise letter and get the PUC approval via resolution. In this instance, the PUC has 120 days to act on the request. The bill also give the PUC authority to designate a different procedure to request consolidation for systems valued less than \$5M.

The bill requires the PUC to prioritize consolidation requests based on compliance records and requires the entity requesting consolidation to conduct a thorough public process.

The bill is sponsored by the California Water Association and does not have an impact on LAFCOs. Nevertheless, CALAFCO will keep a watch on the bill. A fact sheet is posted in the tracking section of the bill.

**AB 1295 (Muratsuchi D) Residential development agreements: very high fire risk areas.**

**Current Text:** Introduced: 2/19/2021 [html](#) [pdf](#)

**Introduced:** 2/19/2021

**Status:** 3/4/2021-Referred to Coms. on L. GOV. and H. & C.D.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Current law requires the Director of Forestry and Fire Protection to identify areas in the state as very high fire hazard severity zones based on the severity of fire hazard that is expected to prevail in those areas, as specified, and requires each local agency to designate, by ordinance, the very high fire hazard severity zones in its jurisdiction. Current law additionally requires the director to classify lands within state responsibility areas into fire hazard severity zones. This bill, beginning on or after January 1, 2022, would prohibit the legislative body of a city or county from entering into a

residential development agreement for property located in a very high fire risk area. The bill would define "very high fire risk area" for these purposes to mean a very high fire hazard severity zone designated by a local agency or a fire hazard severity zone classified by the director.

**Attachments:**

[AB 1295 Fact Sheet](#)

**Position:** Watch

**Subject:** Growth Management, Planning

**CALAFCO Comments:** This bill prohibits a city or county from entering into a residential development agreement for property located within a very high fire risk area as of 1-1-2022.

This bill appears similar to SB 55 (Stern) except: (1) This bill explicitly calls out residential development, whereas SB 55 addresses new development (housing, commercial, retail or industrial) in a very high fire hazard severity zone; and (2) SB 55 adds a state responsibility area.

The bill is not marked fiscal. This is an author-sponsored bill and a fact sheet is posted in the tracking section of the bill.

**[SB 55](#) ([Stern D](#)) **Very high fire hazard severity zone: state responsibility area: development prohibition: supplemental height and density bonuses.****

**Current Text:** Amended: 4/5/2021 [html](#) [pdf](#)

**Introduced:** 12/7/2020

**Last Amended:** 4/5/2021

**Status:** 4/5/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Would, in furtherance of specified state housing production, sustainability communities strategies, greenhouse gas reduction, and wildfire mitigation goals, prohibit the creation or approval of a new development, as defined, in a very high fire hazard severity zone or a state responsibility area unless there is substantial evidence that the local agency has adopted a comprehensive, necessary, and appropriate wildfire prevention and community hardening strategy to mitigate significant risks of loss, injury, or death, as specified. By imposing new duties on local governments with respect to the approval of new developments in very high fire hazard severity zones and state responsibility areas, this bill would impose a state-mandated local program.

**Attachments:**

[SB 55 Fact Sheet](#)

**Position:** Watch

**Subject:** Growth Management, Planning

**CALAFCO Comments:** This bill prohibits the creation or approval of a new development (housing, commercial, retail or industrial) in a very high fire hazard severity zone or a state responsibility area. The bill is author-sponsored and imposes unfunded mandates. A fact sheet is posted in the tracking section of the bill.

This bill appears similar to AB 1295 (Muratsuchi) except this bill appears to be broader in scope in terms of the type of development prohibited and includes a state responsibility area, whereas AB 1295 only addresses residential development in a very high fire risk area.

**[SB 403](#) ([Gonzalez D](#)) **Drinking water: consolidation.****

**Current Text:** Introduced: 2/12/2021 [html](#) [pdf](#)

**Introduced:** 2/12/2021

**Status:** 3/16/2021-From committee: Do pass and re-refer to Com. on GOV. & F. (Ayes 5. Noes 1.) (March 15). Re-referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

The California Safe Drinking Water Act authorizes the State Water Resources Control Board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water or where a disadvantaged community is substantially reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water. This bill would authorize

the state board to also order consolidation where a water system serving a disadvantaged community is at risk of failing to provide an adequate supply of safe drinking water or where a disadvantaged community is substantially reliant on domestic wells that are at risk of failing to provide an adequate supply of safe drinking water.

**Attachments:**

[SB 403 Fact Sheet 2021](#)

**Position:** Oppose unless amended

**Subject:** Disadvantaged Communities, Water

**CALAFCO Comments:** Current law (Health & Safety Code Section 116682) authorizes the State Water Resources Control Board (Board) to order consolidation (physical or operational) of a public water system or state small water system serving a disadvantaged community that consistently fails to provide an adequate supply of safe drinking water, or a disadvantaged community (in whole or part) that is substantially reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water. This bill would add to that a water system or domestic well(s) that are at risk of failing to provide an adequate supply of safe drinking water, as determined by the Board. The bill also requires the Board, before ordering consolidation, to conduct outreach to ratepayers and residents served by the at-risk system and to consider any petition submitted by members of a disadvantaged community being served by the at-risk system.

There appears to be several problems with this bill: (1) The bill does not define "at risk" and there is no definition of "at risk" currently in H&S Code Sec. 116681; (2) There is a lack of consultation with GSAs by the State Board when considering ordering consolidation or extension of service; (3) There is no requirement or even consideration for annexation upon extension of service; and (4) there does not appear to be a limitation of the number of connections or the extent to which the system can be extended.

The bill is co-sponsored by the Leadership Counsel for Justice and Accountability, Clean Water Action and Community Water Center. A fact sheet is posted in the tracking section of the bill.

CALAFCO has reached out to the author's office for more information on the bill and to discuss amendments.

**[AB 11](#) (Ward D) Climate change: regional climate change authorities.**

**Current Text:** Amended: 1/21/2021 [html](#) [pdf](#)

**Introduced:** 12/7/2020

**Last Amended:** 1/21/2021

**Status:** 1/25/2021-Re-referred to Com. on NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Would require the Strategic Growth Council, by January 1, 2023, to establish up to 12 regional climate change authorities to coordinate climate adaptation and mitigation activities in their regions, and coordinate with other regional climate adaptation authorities, state agencies, and other relevant stakeholders.

**Attachments:**

[AB 11 Fact Sheet](#)

**Position:** Watch

**Subject:** Other

**CALAFCO Comments:** As amended on 1/21/21, this bill authorizes/requires the Strategic Growth Council (SGC) to establish up to 12 regional climate change authorities by January 1, 2023, to include local agencies and regional stakeholders. The SGC is required to adopt guidelines that: (1) Define the authority; (2) Include guidelines for establishing an authority via a stakeholder-driven process; (3) Consult with OPR (and other state authorities) in development of the guidelines and award annual grants to authorities.

The bill outlines the regional climate change authorities in summary as: coordination, capacity-building, and technical assistance activities within their boundaries, promote regional alignment and assist local agencies in creating and implementing plans developed pursuant to Section 65302 of the Government Code, other federal or state mandates, and programs designed address climate

change impacts and risks. The bill also requires the authority to submit annual reports to the SGC, with the scope of the report outlined in the bill.

This is an author-sponsored bill. There is no appropriation to fund the cost of the program. A fact sheet is posted in the tracking section of the bill.

UPDATE 3/17/21: CALAFCO learned from the author's office they do not intend to move the bill forward, but instead work with Assm. Mullin on AB 897 and merge the two bills.

**[AB 473](#) (Chau D) California Public Records Act.**

**Current Text:** Introduced: 2/8/2021 [html](#) [pdf](#)

**Introduced:** 2/8/2021

**Status:** 4/5/2021-Re-referred to Com. on APPR. pursuant to Assembly Rule 97.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. This bill would recodify and reorganize the provisions of the act. The bill would include provisions to govern the effect of recodification and state that the bill is intended to be entirely nonsubstantive in effect. The bill would contain related legislative findings and declarations. The bill would become operative on January 1, 2023.

**Position:** Watch

**Subject:** Public Records Act

**CALAFCO Comments:** This bill is a redo of AB 2138 from 2020 that did not move forward. According to the author's office, this bill and AB 474 are part of recommendations from the California Law Revision Commissions to reorganize and restructure the CPRA based on a request by the legislature for them to do that. CALAFCO will keep watch on the bill to ensure there are no substantive changes to the PRA.

**[AB 474](#) (Chau D) California Public Records Act: conforming revisions.**

**Current Text:** Introduced: 2/8/2021 [html](#) [pdf](#)

**Introduced:** 2/8/2021

**Status:** 4/5/2021-Re-referred to Com. on APPR. pursuant to Assembly Rule 97.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Would enact various conforming and technical changes related to another bill that recodifies and reorganizes the California Public Records Act. The bill would only become operative if the related bill recodifying the act is enacted and becomes operative on January 1, 2023. The bill would also specify that any other bill enacted by the Legislature during the 2021 calendar year that takes effect on or before January 1, 2022, and that affects a provision of this bill shall prevail over this act, except as specified.

**Position:** Watch

**Subject:** Public Records Act

**CALAFCO Comments:** This bill is a redo of AB 2438 from 2020 that did not move forward. According to the author's office, this bill and AB 473 are part of recommendations from the California Law Revision Commissions to reorganize and restructure the CPRA based on a request by the legislature for them to do that. CALAFCO will keep watch on the bill to ensure there are no substantive changes to the PRA.

**[AB 897](#) (Mullin D) Office of Planning and Research: regional climate networks: climate adaptation action plans.**

**Current Text:** Introduced: 2/17/2021 [html](#) [pdf](#)

**Introduced:** 2/17/2021

**Status:** 2/25/2021-Referred to Com. on NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:**

4/14/2021 9 a.m. - State Capitol, Room 4202 ASSEMBLY NATURAL RESOURCES, RIVAS, LUZ, Chair

**Summary:**

Current law requires, by July 1, 2017, and every 3 years thereafter, the Natural Resources Agency to update, as prescribed, the state’s climate adaptation strategy, known as the Safeguarding California Plan. Current law establishes the Office of Planning and Research in state government in the Governor’s office. Current law establishes the Integrated Climate Adaptation and Resiliency Program to be administered by the office to coordinate regional and local efforts with state climate adaptation strategies to adapt to the impacts of climate change, as prescribed. This bill would authorize eligible entities, as defined, to establish and participate in a regional climate network, as defined. The bill would require the office to encourage the inclusion of agencies with land use planning authority into regional climate networks.

**Attachments:**

[AB 897 Fact Sheet](#)

**Position:** Watch

**Subject:** Climate Change

**CALAFCO Comments:** As introduced, the bill builds on existing programs through OPR by promoting regional collaboration in climate adaptation planning and providing guidance for regions to identify and prioritize projects necessary to respond to the climate vulnerabilities of their region.

The bill requires OPR to develop guidelines (the scope of which are outlined in the bill) for Regional Climate Adaptation Action Plans (RCAAPs) by 7-1-22 through their normal public process. Further the bill requires OPR to make recommendations to the Legislature on potential sources of financial assistance for the creation & implementation of RCAAPs, and ways the state can support the creation and ongoing work of regional climate networks. The bill would allow LAFcos to be a part of these regional climate networks.

This is an author-sponsored bill. The bill necessitates additional resources from the state to carry out the additional work required of OPR (there is no current budget appropriation). A fact sheet is posted in the tracking section of the bill.

**[AB 903](#) ([Frazier D](#)) **Los Medanos Community Healthcare District.****

**Current Text:** Amended: 4/5/2021 [html](#) [pdf](#)

**Introduced:** 2/17/2021

**Last Amended:** 4/5/2021

**Status:** 4/6/2021-Re-referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:**

4/14/2021 1:30 p.m. - State Capitol, Room 4202 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

**Summary:**

Would require the dissolution of the Los Medanos Community Healthcare District, as specified. The bill would require the County of Contra Costa to be successor of all rights and responsibilities of the district, and require the county to complete a property tax transfer process to ensure the transfer of the district’s health-related ad valorem property tax revenues to the county in order to operate the Los Medanos Area Health Plan Grant Program. By requiring a higher level of service from the County of Contra Costa as described above, the bill would impose a state-mandated local program.

**Position:** Watch

**CALAFCO Comments:** This bill mandates the dissolution of the Los Medanos Community Healthcare District with the County as the successor agency, effective 2-1-22. The bill requires the County to perform certain acts prior to the dissolution. The LAFco is not involved in the dissolution as the bill is written. Currently, the district is suing both the Contra Costa LAFco and the County of Contra Costa after the LAFco approved the dissolution of the district upon application by the County and the district failed to get enough signatures in the protest process to go to an election.

**[AB 959](#) ([Mullin D](#)) **Park districts: regulations: nuisances: abatement.****

**Current Text:** Introduced: 2/17/2021 [html](#) [pdf](#)

**Introduced:** 2/17/2021

**Status:** 3/4/2021-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Current law prescribes procedures, including the election of a board of directors, for the formation

of regional park districts, regional park and open-space districts, or regional open-space districts. Current law authorizes 3 or more cities, together with any parcel or parcels of city or county territory, whether in the same or different counties, to organize and incorporate, but requires that all the territory in the proposed district be contiguous. Current law requires the board of directors to superintend, control, and make available to all the inhabitants of the district all public recreation lands and facilities, as provided. Existing law authorizes the board to adopt regulations. Current law provides that a violation of an ordinance, rule, or regulation adopted by the board is a misdemeanor punishable by a fine or imprisonment in the county jail, as provided. This bill would authorize the board of directors to adopt regulations relating to nuisances and establish a procedure for the abatement of the nuisances, including administrative abatement.

**Attachments:**

[AB 959 Fact Sheet](#)

**Position:** Watch

**CALAFCO Comments:** As introduced, this bill gives authority to independent regional park & open space districts governed by PRC 5500 to: (1) Declare by ordinance what constitutes a public nuisance; (2) Abate those public nuisances by either administrative or civil actions; and (3) Ability to recover costs incurred in abating the public nuisance, including attorneys' fees. There are 4 of these independent special districts: (1) Midpeninsula Regional Open Space District; (2) East Bay Regional Park District; (3) Monterey Peninsula Regional Park District; and (4) Napa County Regional Park and Open Space District. A fact sheet is posted in the tracking section of the bill.

**[AB 975](#) (Rivas, Luz D) Political Reform Act of 1974: statement of economic interests and gifts.**

**Current Text:** Introduced: 2/18/2021 [html](#) [pdf](#)

**Introduced:** 2/18/2021

**Status:** 3/4/2021-Referred to Com. on ELECTIONS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:**

4/15/2021 10:30 a.m. - State Capitol, Room 437 ASSEMBLY ELECTIONS, BERMAN, Chair

**Summary:**

The Political Reform Act of 1974 regulates conflicts of interests of public officials and requires that public officials file, with specified filing officers, periodic statements of economic interests disclosing certain information regarding income, investments, and other financial data. The Fair Political Practices Commission is the filing officer for statewide elected officers and candidates and other specified public officials. If the Commission is the filing officer, the public official generally files with their agency or another person or entity, who then makes a copy and files the original with the Commission. This bill would revise and recast these filing requirements to make various changes, including requiring public officials and candidates for whom the Commission is the filing officer to file their original statements of economic interests electronically with the Commission.

**Position:** Watch

**Subject:** FPPC

**CALAFCO Comments:** As introduced, this bill makes two notable changes to the current requirements of gift notification and reporting: (1) It increases the period for public officials to reimburse, in full or part, the value of attending an invitation-only event, for purposes of the gift rules, from 30 days from receipt to 30 days following the calendar quarter in which the gift was received; and (2) It reduces the gift notification period for lobbyist employers from 30 days after the end of the calendar quarter in which the gift was provided to 15 days after the calendar quarter. Further it requires the FPPC to have an online filing system and to redact contact information of filers before posting.

**[AB 1021](#) (Mayes I) Imperial Irrigation District.**

**Current Text:** Amended: 3/18/2021 [html](#) [pdf](#)

**Introduced:** 2/18/2021

**Last Amended:** 3/18/2021

**Status:** 3/22/2021-Re-referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:**

4/14/2021 1:30 p.m. - State Capitol, Room 4202 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

**Summary:**

Would require the commissions for the County of Imperial and the County of Riverside to conduct

and publish on their internet websites, by December 1, 2022, a joint study of voting rights, and options for providing electricity, in the Imperial Irrigation District. The bill would require the joint study to include a description of voting rights in the district and a determination of whether and how the district can extend voting rights to its residents, as well as options for providing electricity in the district's jurisdiction and other affected service areas, in the circumstance that the district desires to no longer provide electrical service in its jurisdiction.

**Position:** Watch

**Subject:** Special Districts Governance

**CALAFCO Comments:** As amended on 3/18/21, the bill focuses on the Imperial Irrigation District. The bill requires Imperial and Riverside LAFcos to conduct a special study of voting rights and options for providing electricity in the district area should the district decide it no longer desires to provide that serve, to be completed by December 31, 2022, as an unfunded mandate. The bill also requires membership of the district board to increase from 5 to 8 members, with the additional 3 members residing in Riverside County in the area being serviced by the district and appointed by the County Supervisor of that County district. The three new members will be non-voting members.

CALAFCO met with the author's staff on March 18 to discuss concerns on the bill, with input from Riverside and Imperial LAFcos (who will meet with the author's office as well). Concerns include: (1) The unfunded mandate and timing of the study; (2) As representation in the Riverside County service area is the issue, governance structure should also be a part of the study; (3) Section 21562.6 of the Water Code as added is far too vague. CALAFCO offered specific suggestions for clarification in this section.

This bill is similar to AB 854 (2019), which died in Appropriations. CALAFCO had a Watch position on that bill as the two member LAFcos had opposing positions, and this is a local matter. However, there is concern about requiring a study without funding (the last time the Legislature mandated a special study on a district it required the study be funded by the district).

The bill is author-sponsored and as of now there is no budget appropriation to cover cost.

**AB 1053 (Gabriel D) City selection committees: quorum: teleconferencing.**

**Current Text:** Amended: 3/18/2021 [html](#) [pdf](#)

**Introduced:** 2/18/2021

**Last Amended:** 3/18/2021

**Status:** 3/22/2021-Re-referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Current law creates a city selection committee in each county that consists of 2 or more incorporated cities for the purpose of appointing city representatives to boards, commissions, and agencies. Under current law, a quorum for a city selection committee requires a majority of the number of the incorporated cities within the county entitled to representation on the city selection committee. Current law requires a city selection committee meeting to be postponed or adjourned to a subsequent time and place whenever a quorum is not present at the meeting. This bill would reduce the quorum requirement to 1/3 of all member cities within the county for a meeting that was postponed to a subsequent time and place because a quorum was not present, as long as the agenda is limited to items that appeared on the immediately preceding agenda where a quorum was not established.

**Attachments:**

[CALAFCO Oppose Unless Amended April 2021](#)

**Position:** Oppose unless amended

**Subject:** Other

**CALAFCO Comments:** As amended on 3/18/21, the bill reduces the quorum requirement for a city selection committee to 1/3 of all member cities within the county for a meeting that was postponed to a subsequent time and place because a quorum was not present, as long as the agenda is limited to replicate the meeting for which a quorum was not established. The bill also authorizes a city selection committee to conduct their meetings be teleconference and electronic means.

The bill is sponsored by the Las Virgenes-Malibu Council of Governments.

CALAFCO's letter of Oppose Unless Amended is posted in the bill detail area.

**[AB 1246](#) (Nguyen R) Community services districts.**

**Current Text:** Introduced: 2/19/2021 [html](#) [pdf](#)

**Introduced:** 2/19/2021

**Status:** 2/22/2021-Read first time.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Current law, the Community Services District Law, authorizes the formation of community services districts for various specified purposes, including supplying water, treating sewage, disposing of solid waste, and providing fire protection. The law specifies its relation and effect on certain districts organized pursuant to former laws and to actions taken by them, among other things. This bill would make nonsubstantive changes to those provisions.

**Position:** Watch

**CALAFCO Comments:** This is a spot bill.

**[SB 10](#) (Wiener D) Planning and zoning: housing development: density.**

**Current Text:** Amended: 3/22/2021 [html](#) [pdf](#)

**Introduced:** 12/7/2020

**Last Amended:** 3/22/2021

**Status:** 3/22/2021-Read second time and amended. Re-referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Would, notwithstanding any local restrictions on adopting zoning ordinances, authorize a local government to pass an ordinance to zone any parcel for up to 10 units of residential density per parcel, at a height specified in the ordinance, if the parcel is located in a transit-rich area, a jobs-rich area, or an urban infill site, as those terms are defined. In this regard, the bill would require the Department of Housing and Community Development, in consultation with the Office of Planning and Research, to determine jobs-rich areas and publish a map of those areas every 5 years, commencing January 1, 2023, based on specified criteria. The bill would specify that an ordinance adopted under these provisions, and any resolution adopted to amend the jurisdiction's General Plan to be consistent with that ordinance, is not a project for purposes of the California Environmental Quality Act.

**Position:** Watch

**Subject:** Housing

**[SB 13](#) (Dodd D) Local agency services: contracts: Counties of Napa and San Bernardino.**

**Current Text:** Introduced: 12/7/2020 [html](#) [pdf](#)

**Introduced:** 12/7/2020

**Status:** 1/28/2021-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 establishes a pilot program under which the commissions in the Counties of Napa and San Bernardino, upon making specified determinations at a noticed public hearing, may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to support existing or planned uses involving public or private properties, as provided. Current law requires the Napa and San Bernardino commissions to submit a report to the Legislature on their participation in the pilot program, as specified, before January 1, 2020, and repeals the pilot program as of January 1, 2021. This bill would reestablish the pilot program, which would remain in effect until January 1, 2026. The bill would impose a January 1, 2025, deadline for the Napa and San Bernardino commissions to report to the Legislature on the pilot program, and would require the contents of that report to include how many requests for extension of services were received under these provisions.

**Position:** Watch

**Subject:** CKH General Procedures

**CALAFCO Comments:** This bill is the same as SB 799 from 2020 and seeks to re-establish and continue the pilot program for five more years. The program ended as of January 1, 2021 but due to the pandemic, SB 799 from 2020 to extend the sunset was not moved forward in the legislature.

There are amendments pending from the City of St. Helena that as proposed would drastically change the intent of SB 13. CALAFCO is working with the author's office, Napa and San Bernardino LAFCOs and the City of St. Helena on those amendments and will carefully watch the bill.

**[SB 96](#) ([Dahle R](#)) **Fallen Leaf Lake Community Services District Fire Department Protection Act of 2021: elections.****

**Current Text:** Introduced: 12/21/2020 [html](#) [pdf](#)

**Introduced:** 12/21/2020

**Status:** 1/28/2021-Referred to Coms. on GOV. & F. and E. & C.A.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Would require the El Dorado County elections official, with the assistance of the Fallen Leaf Lake Community Services District, to conduct district elections pursuant to the Uniform District Election Law, except as otherwise provided in the bill. The bill, notwithstanding existing law, would provide that voters who are resident registered voters of the district, and voters who are not residents but either own a real property interest in the district or have been designated by the owner of a real property interest to cast the vote for that property, may vote in a district election in the Fallen Leaf Lake Community Services District, as specified. The bill would require the designations of voters and authority of legal representatives to be filed with the El Dorado County elections official and the secretary of the Fallen Leaf Lake Community Services District and maintained with the list of qualified voters of the district. This bill contains other related provisions and other existing laws.

**Position:** Watch

**Subject:** Special Districts Governance

**CALAFCO Comments:** This bill is the same as SB 1180 from 2020 which did not move through the legislature. It is a local El Dorado County/district bill. This bill does several things. (1) Provides that voters who are resident registered voters of the district, and voters who are not residents but either own a real property interest in the district or have been designated by the owner of a real property interest to cast the vote for that property, may vote in a district election in the Fallen Leaf Lake Community Services. (2) The bill also would authorize a voter who is not a resident of the district but owns a real property interest in the district to designate only one voter to vote on their behalf, regardless of the number of parcels in the district owned by the nonresident voter. (3) This bill would prohibit the Fallen Leaf Lake Community Services District from providing any services or facilities except fire protection and medical services, including emergency response and services, as well as parks and recreation services and facilities.

**[SB 261](#) ([Allen D](#)) **Regional transportation plans: sustainable communities strategies.****

**Current Text:** Introduced: 1/27/2021 [html](#) [pdf](#)

**Introduced:** 1/27/2021

**Status:** 3/16/2021-From committee: Do pass and re-refer to Com. on TRANS. (Ayes 5. Noes 2.) (March 15). Re-referred to Com. on TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

current law requires certain transportation planning agencies to prepare and adopt a regional transportation plan directed at achieving a coordinated and balanced regional transportation system. Certain of these agencies are designated under federal law as metropolitan planning organizations. Existing law requires that each regional transportation plan include a sustainable communities strategy developed to achieve greenhouse gas emission reduction targets for the automobile and light truck sector for 2020 and 2035 established by the State Air Resources Board. This bill would require that the sustainable communities strategy be developed to additionally achieve greenhouse gas emission reduction targets for the automobile and light truck sector for 2045 and 2050 and vehicle miles traveled reduction targets for 2035, 2045, and 2050 established by the board. The bill would make various conforming changes to integrate those additional targets into regional transportation plans.

**Position:** Watch

**Subject:** Sustainable Community Plans

**CALAFCO Comments:** CALAFCO is currently reviewing the bill.

**SB 273 (Hertzberg D) Water quality: municipal wastewater agencies.**

**Current Text:** Introduced: 1/29/2021 [html](#) [pdf](#)

**Introduced:** 1/29/2021

**Status:** 3/18/2021-Set for hearing April 12.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:**

4/12/2021 9 a.m. - John L. Burton Hearing Room (4203) SENATE ENVIRONMENTAL QUALITY, ALLEN, Chair

**Summary:**

Would authorize a municipal wastewater agency, as defined, to enter into agreements with entities responsible for stormwater management for the purpose of managing stormwater and dry weather runoff, to acquire, construct, expand, operate, maintain, and provide facilities for specified purposes relating to managing stormwater and dry weather runoff, and to levy taxes, fees, and charges consistent with the municipal wastewater agency’s existing authority in order to fund projects undertaken pursuant to the bill. The bill would require the exercise of any new authority granted under the bill to comply with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. To the extent this requirement would impose new duties on local agency formation commissions, the bill would impose a state-mandated local program.

**Attachments:**

[SB 273 Fact Sheet](#)

**Position:** Support

**Subject:** Municipal Services

**CALAFCO Comments:** This bill is a redo of SB 1052 from 2020 that was not moved forward because of the pandemic. This bill adds authority to municipal wastewater agencies as outlined in 13911(a) and (b) relating to stormwater runoff and management. The bill authorizes this additional authority while keeping the LAFCo process to activate these latent powers intact.

CALAFCO is requesting an amendment to add a requirement that upon entering into the agreement, the agency has 30 days to file a copy of that agreement or amended agreement with the LAFCo.

The bills is sponsored by the CA Assn of Sanitation Agencies. A fact sheet is posted in the tracking section of the bill.

**SB 274 (Wieckowski D) Local government meetings: agenda and documents.**

**Current Text:** Amended: 4/5/2021 [html](#) [pdf](#)

**Introduced:** 1/29/2021

**Last Amended:** 4/5/2021

**Status:** 4/5/2021-Read second time and amended. Re-referred to Com. on APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:**

4/19/2021 9 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, PORTANTINO, Chair

**Summary:**

The Ralph M. Brown Act requires meetings of the legislative body of a local agency to be open and public and also requires regular and special meetings of the legislative body to be held within the boundaries of the territory over which the local agency exercises jurisdiction, with specified exceptions. Current law authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person. This bill would require a local agency with an internet website, or its designee, to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. If a local agency determines it to be technologically infeasible to send a copy of the documents or a link to a website that contains the documents by email or by other electronic means, the bill would require the legislative body or its designee to send by mail a copy of the agenda or a website link to the agenda and to mail a copy of all other documents constituting the agenda packet, as specified.

**Attachments:**

[CALAFCO Support SB 274 \(3-15-21\)](#)

[SB 274 Fact Sheet](#)

**Position:** Support

**Subject:** Public Records Act

**CALAFCO Comments:** This bill is a modified redo of SB 931 from 2020 that did not move forward because of the pandemic. This bill updates the Government Code to require a public agency to email the agenda or agenda items to anyone who requests it or the link to the website where the documents can be accessed (current law requires the mailing of such documents upon request, this bill adds the option to email if requested). A fact sheet is posted in the tracking section of the bill.

**SB 427 (Eggman D) Water theft: enhanced penalties.**

**Current Text:** Amended: 3/25/2021 [html](#) [pdf](#)

**Introduced:** 2/12/2021

**Last Amended:** 3/25/2021

**Status:** 3/25/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:**

4/8/2021 Upon adjournment of Session - John L. Burton Hearing Room (4203)  
SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**Summary:**

Existing law authorizes the legislative body of a city or a county to make, by ordinance, any violation of an ordinance subject to an administrative fine or penalty and limits the maximum fine or penalty amounts for infractions, to \$100 for the first violation, \$200 for a 2nd violation of the same ordinance within one year of the first violation, and \$500 for each additional violation of the same ordinance within one year of the first violation. This bill would authorize the legislative body of a city or a county that is authorized by the applicable local agency formation commission to provide water service to adopt an ordinance that prohibits water theft, as defined, subject to an administrative fine or penalty in excess of the limitations above, as specified. The bill would require the local agency to adopt an ordinance that sets forth the administrative procedures that shall govern the imposition, enforcement, collection, and administrative review by the local agency of the administrative fines or penalties for water theft and to establish a process for granting a hardship waiver to reduce the amount of the fine, as specified.

**Position:** Watch

**Subject:** Water

**SB 475 (Cortese D) Transportation planning: sustainable communities strategies.**

**Current Text:** Amended: 3/10/2021 [html](#) [pdf](#)

**Introduced:** 2/17/2021

**Last Amended:** 3/10/2021

**Status:** 3/18/2021-Re-referred to Coms. on E.Q., TRANS., and HOUSING. Referral to Com. on HOUSING rescinded because of the limitations placed on committee hearings due to ongoing health and safety risks of the COVID-19 virus.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Would require the State Air Resources Board, on or before June 30, 2023, and in coordination with the California Transportation Commission and the Department of Housing and Community Development, to issue new guidelines on sustainable communities strategies and require these guidelines to be updated thereafter at least every 4 years. The bill would delete the provisions related to the Regional Targets Advisory Committee and instead require the State Air Resources Board to appoint, on or before January 31, 2022, the State-Regional Collaborative for Climate, Equity, and Resilience, consisting of representatives of various entities. The bill would require the State-Regional Collaborative for Climate, Equity, and Resilience to develop a quantitative tool for metropolitan planning organizations to use to evaluate a transportation plan's consistency with long-range greenhouse gas emission reduction targets and recommend guidelines for metropolitan planning organizations to use when crafting long-range strategies that integrate state goals related to climate resilience and social equity.

**Position:** Watch

**Subject:** Sustainable Community Plans

**CALAFCO Comments:** CALAFCO is currently reviewing the amendments dated March 10, 2021.

**SB 499 (Leyva D) General plan: land use element: uses adversely impacting health outcomes.**

**Current Text:** Introduced: 2/17/2021 [html](#) [pdf](#)

**Introduced:** 2/17/2021

**Status:** 3/25/2021-April 8 set for first hearing canceled at the request of author.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Would prohibit the land use element from designating land uses that have the potential to significantly degrade local air, water, or soil quality or to adversely impact health outcomes in disadvantaged communities to be located, or to materially expand, within or adjacent to a disadvantaged community or a racially and ethnically concentrated area of poverty. By expanding the duties of cities and counties in the administration of their land use planning duties, the bill would impose a state-mandated local program.

**Attachments:**

[SB 499 Fact Sheet](#)

**Position:** Watch

**Subject:** Disadvantaged Communities

**CALAFCO Comments:** As introduced, this bill would prohibit the land use element of a general plan from designating or expanding land uses that have the potential to significantly degrade local air, water, or soil quality or to adversely impact health outcomes within or adjacent to disadvantaged communities (DACs) or a racially and ethnically concentrated area of poverty.

The sponsor of this bill is the Leadership Counsel for Justice and Accountability. A fact sheet is posted in the tracking section of the bill.

**[SB 574](#) (Laird D) Agricultural preserves: Williamson Act.**

**Current Text:** Amended: 3/4/2021 [html](#) [pdf](#)

**Introduced:** 2/18/2021

**Last Amended:** 3/4/2021

**Status:** 3/25/2021-Read third time. Passed. (Ayes 38. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Under the California Land Conservation Act of 1965, the board of supervisors or city council may grant tentative approval for a cancellation by petition of a landowner as to all or any part of land subject to a contract, as specified. Prior to any action by the board or council giving tentative approval to the cancellation of any contract, the county assessor is required to determine the current fair market value of the land as though it were free of the contractual restriction, and requires the assessor to send the fair market value to the Department of Conservation, hereafter department, at the same time the assessor sends the value to the landowner. Current law provides for a certificate of tentative cancellation upon tentative approval of a petition by a landowner accompanied by a proposal for a specified alternative use of the land, as provided. Current law requires the board of supervisors or city council to provide notice to the department related to cancellation of the contract as well as in other specified instances. This bill would revise and recast these provisions to no longer require the assessor to provide notice to the department and to require the board of supervisors or city council to provide notice to the department if the certificate of tentative cancellation is withdrawn, as specified.

**Position:** Watch

**CALAFCO Comments:** This bill narrows the role of Department of Conservation (DOC) in administering the Williamson Act. It does not change other provisions in the Act except for lessening reporting requirements by local governments to the DOC. The bill repeals the ability of the DOC to agree on a cancellation value for contracted land with a landowner, along with the requirement that the department provide a preliminary valuation to the applicable assessor, and repeals the requirement that the DOC approve cancellation of a farmland security contract. The bill also repeals and narrows reporting requirements by requiring the DOC to post all local government reports on Williamson Act lands/contracts on its website rather than create a report and submit to the Legislature. The bill also repeals certain reporting requirements by local governments (cities and counties) to the DOC regarding Williamson Act contracts.

CALAFCO will continue to watch this bill to ensure no detrimental changes are made to the Act through future amendments.

**SB 813 (Committee on Governance and Finance) Controller: local government financial reports.**

**Current Text:** Introduced: 2/23/2021 [html](#) [pdf](#)

**Introduced:** 2/23/2021

**Status:** 3/3/2021-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:**

Current law requires the Controller to compile, publish, and make publicly available on the Controller’s website reports of the financial transactions and information on annual compensation of each county, city, and special district within this state. This bill would specify that the reports shall be furnished at the time prescribed by the Controller and would revise the amount of time in which the report is required to be furnished to either 7 months or within the time prescribed by the Controller, whichever is later.

**Position:** Watch

**CALAFCO Comments:** This is the annual Senate Governance & Finance Committee Omnibus bill.

Total Measures: 33

Total Tracking Forms: 33

4/7/2021 12:03:26 PM



Lou Ann Teixeira  
 Executive Officer

## MEMBERS

**Candace Andersen**  
 County Member

**Donald A. Blubaugh**  
 Public Member

**Tom Butt**  
 City Member

**Igor Skaredoff**  
 Special District Member

**Federal Glover**  
 County Member

**Michael R. McGill**  
 Special District Member

**Rob Schroder**  
 City Member

## ALTERNATE MEMBERS

**Diane Burgis**  
 County Member

**Stanley Caldwell**  
 Special District Member

**Charles R. Lewis, IV**  
 Public Member

**Edi Birsan**  
 City Member

April 14, 2021

Attachment 2

Honorable Cecilia Aguiar-Curry, Chair  
 Assembly Local Government Committee  
 California State Assembly  
 State Capitol, Room 5144  
 Sacramento, CA 95814

**RE: SUPPORT of AB 1581: Local Government Committee Omnibus Bill**

Dear Chair Aguiar-Curry:

The Contra Costa Local Agency Formation Commission (LAFCo) is pleased to support the Assembly Local Government Committee bill AB 1581, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO). AB 1581 makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

This annual omnibus bill includes technical changes to the Act which governs the work of LAFCos. These changes are necessary as LAFCos implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. AB 1581 currently makes minor technical corrections to language used in the Act.

Contra Costa LAFCo is grateful to your Committee, staff and CALAFCO, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and support of this bill, and your support of the mission of LAFCos.

Sincerely,

Igor Skaredoff, Chair  
 Contra Costa LAFCo

c: Members, Assembly Local Government Committee  
 Jimmy MacDonald, Consultant, Assembly Local Government Committee  
 William Weber, Consultant, Assembly Republican Caucus  
 Pamela Miller, Executive Director, CALAFCO



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

Lou Ann Teixeira  
 Executive Officer

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Edi Birsan  
 City Member

April 6, 2021

The Honorable Cecilia M. Aguiar-Curry  
 Chair, Assembly Local Government Committee  
 State Capitol Room 157  
 Sacramento, CA 95814

**Subject: SUPPORT of AB 903**

Dear Chair Aguiar-Curry:

The Contra Costa Local Agency Formation Commission (LAFCo) respectfully requests your support of Assembly Bill 903 which would dissolve the Los Medanos Community Healthcare District ("LMCHD") and require Contra Costa County ("the County") to be the successor agency.

In November 2017, the County filed an application with LAFCo to dissolve LMCHD. Following an extensive review of the County's application, LAFCo's 2018 Municipal Services Review – Healthcare Services, and the District's history, in September 2018, LAFCo approved dissolution of LMCHD. LAFCo's approval included conditions concerning allocation of assets and property tax to the County to support needed healthcare programs and services to serve the LMCHD community, which is largely disadvantaged. Other LAFCo conditions included creation of a health advisory committee to make recommendations on grant funding and priorities to address major health disparities in the community.

Contra Costa LAFCo supports AB 903 as it will result in reduced administrative costs, enhanced community accountability, and increased funding for much needed community health programs. *For these reasons, we respectfully request your support of AB 903.*

We are happy to any answer questions regarding our position and provide additional information.

Sincerely,

  
 Igor Skaredoff, Chair  
 Contra Costa LAFCo

c: Contra Costa LAFCo Commissioners  
 Members, Assembly Local Government Committee  
 Jimmy MacDonald, Consultant, Assembly Local Government Committee  
 William Weber, Consultant, Assembly Republican Caucus



CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

40 Muir Road, 1st Floor • Martinez, CA 94553

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Lou Ann Teixeira  
Executive Officer

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Edi Birsan  
City Member

April 14, 2021 (Agenda)

Contra Costa Local Agency Formation Commission  
40 Muir Road, First Floor  
Martinez, CA 94553

April 14, 2021  
Agenda Item 10

Special District Risk Management Authority (SDRMA) – 2021 Board Election

Dear Commissioners:

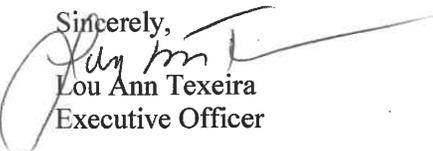
Contra Costa LAFCO purchases its workers' compensation and property/liability insurance through SDRMA, which is a joint powers public agency formed under California Government Code and provides a full-service risk management program for California's local governments. SDRMA provides risk financing and risk management services to over 760 member agencies, including numerous special districts, municipalities, joint powers authorities, and LAFCOs. In conjunction with participation in the SDRMA, LAFCO is also a member of the California Special Districts Association (CSDA).

On January 20, 2021, LAFCO received correspondence from the SDRMA calling for nominations for the SDRMA Board of Directors (attached). According to the announcement, there are four (4) director seats up for election. Directors are elected to 4-year terms. The term of office for the newly elected directors will be January 1, 2022 through December 31, 2025.

Nominees must be a member of the agency's governing body or a management employee and must be an active member agency of both SDRMA's property/liability and workers' compensation programs. Candidates must be nominated by resolution of their member agency's governing body (i.e., LAFCO) and must complete and submit a Candidate's Statement of Qualifications. The deadline for nominations is May 3, 2021. Ballots will be mailed out in mid-May and will be due by August 16, 2021.

The attached material provides information regarding the nomination and election process, and role and responsibilities of the Board members. Briefly, the SDRMA Board of Directors meets an average of eight times annually. Meetings average 4-6 hours each, and most meetings are held in Sacramento. The commitment is approximately 15-20 hours per month.

**Recommendation:** Advise as to any nomination(s).

Sincerely,  
  
Lou Ann Teixeira  
Executive Officer

Attachment – Notification of Nominations – 2021 Election SDRMA Board of Directors



## 2021 Nomination Packet Checklist

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### SDRMA BOARD OF DIRECTORS NOMINATION AND ELECTION GUIDELINES

January 20, 2021, marks the official commencement of the election process for the SDRMA Board of Directors. Four seats on the Board of Directors are up for election in 2021.

**For your convenience we have enclosed the necessary nomination documents and election process schedule.** Please note that some items have important deadlines. All documents contained in this packet, as well as additional information regarding SDRMA Board elections, are available on our website [www.sdrma.org](http://www.sdrma.org) and/or by calling SDRMA Member Services at 800.537.7790.

- \_\_\_\_ **Attachment One:**     **SDRMA Board of Directors Fact Sheet:** This document reviews the Board of Directors' Roles and Responsibilities along with other important information.
  
- \_\_\_\_ **Attachment Two:**    **SDRMA Board of Directors 2021 Nomination/Election Schedule:** Please review this document for important deadlines.
  
- \_\_\_\_ **Attachment Three:**   **SDRMA Election Policy No. 2021-02:** A Policy of the Board of Directors of the Special District Risk Management Authority establishing guidelines for Director elections.
  
- \_\_\_\_ **Attachment Four:**    **Sample Resolution for Candidate Nomination:** A resolution of the Governing Body of the Agency nominating a candidate for the Special District Risk Management Authority Board of Directors.
  
- \_\_\_\_ **Attachment Five:**    **Candidate's Statement of Qualifications:** Please be advised that no candidate statements are endorsed by SDRMA. Candidate's Statements of Qualification will be distributed to the membership with the SDRMA election ballot, "exactly as submitted" by the candidate.

**Please complete and return all required nomination and election documents to:**

SDRMA Election Committee  
C/O Paul Frydendal, COO  
Special District Risk Management Authority  
1112 "I" Street, Suite 300  
Sacramento, California 95814

SDRMA BOARD OF DIRECTORS  
FACT SHEET

## SDRMA BOARD OF DIRECTORS ROLE AND RESPONSIBILITIES

Special District Risk Management Authority (SDRMA) is a public entity Joint Powers Authority established to provide cost-effective property/liability, worker's compensation, health benefit coverages and comprehensive risk management programs for special districts and other public agencies throughout California. SDRMA is governed by a Board of Directors elected from the membership by the programs' members.

Number of Board Members	SDRMA Board of Directors consists of <b>seven Board Members</b> , who are elected at-large from members participating in either program.
Board of Directors' Role	SDRMA Board of Directors provide effective governance by supporting a unified vision, ensuring accountability, and setting direction based on SDRMA's mission and purpose, as well as establishing and approving policy to ensure SDRMA meets its obligations and commitment to its members.
Board of Directors' Responsibilities	Board Member responsibilities include a commitment to: serve as a part of a unified governance body; govern within Board of Directors' policies, standards and ethics; commit the time and energy to be effective; represent and make policy decisions for the benefit, and in the best interest, of all SDRMA members; support collective decisions; communicate as a cohesive Board of Directors with a common vision and voice; and, operate with the highest standards of integrity and trust.
Four Seats For this Election	Elections for Directors are staggered and held every two years, four seats during one election and three seats in the following election. <b>Four seats are up for election this year.</b>
Term of Directors	Directors are elected for <b>four-year terms</b> . Terms for directors elected this election begin January 1, 2022 and end on December 31, 2025.
Board Member Travel Reimbursement	Board Members are reimbursed for reasonable travel and lodging in accordance with SDRMA Board Ordinance No. 2020-01 and applicable laws and are allowed to claim a stipend of \$220 per meeting day or for each day's service rendered as a Member of the Board.
Number of Meetings per Year	The Board meets from <b>seven to ten times annually</b> with an average of eight board meetings per year. Generally, the Board does not meet more than one meeting per month.
Meeting Location	SDRMA office in Sacramento, CA and at two conference locations.
Meeting Dates	Typically the first Wednesday and Thursday of the month.
Meeting Starting Times	Meetings are typically held <b>1:00 to 5:30 p.m. Wednesday</b> and <b>8:00 to 10:00 a.m. Thursday.</b>
Meeting Length	Meetings are <b>four to six hours</b> on average.
Average Time Commitment	Commitment per month ranges from <b>15 to 20 hours</b> .

*"The mission of Special District Risk Management Authority is to provide risk financing and risk management services through a financially sound pool to California public agencies, delivered in a timely and responsive cost-efficient manner."*

SDRMA BOARD OF DIRECTORS  
2021 NOMINATION/ELECTION SCHEDULE

# 2021 Nomination/Election Schedule



JANUARY						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
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TASK TIMELINE	
1/6	Board approves Election Schedule
1/20	Email Notification of Election and Nomination Procedure to Members in January at least 90 days prior to mailing Ballots ( <b>117 actual days</b> )
5/3	Deadline to return Nominations
5/5	Tentative Election Comm. Reviews Nominations
5/18	Ballots available in MemberPlus at least 60 days prior to ballot receipt deadline ( <b>89 actual days</b> )
8/16	Deadline to Receive Ballots
8/18	Tentative Election Comm. Counts Ballots
8/19	Election Committee Notifies Successful Candidates and Provides Them With Upcoming Board Meeting Schedule
11/3-4	Directors' Elect Invited to SDRMA Board Meeting
1/2022	Newly Elected Directors Seated and Election of SDRMA Board Officers

SDRMA BOARD OF DIRECTORS  
ELECTION POLICY NO. 2021-02

**A POLICY OF THE BOARD OF DIRECTORS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY ESTABLISHING GUIDELINES FOR DIRECTOR ELECTIONS, DIRECTOR APPOINTMENTS, AND CREATION OF A SUPERVISING ELECTION COMMITTEE**

WHEREAS, SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA) is a joint powers authority, created pursuant to Section 6500, et. seq. of the California Government Code; and

WHEREAS, the Board of Directors recognizes that it is in the best interest of the Authority and its members to adopt a written policy for conducting the business of the Board; and

WHEREAS, establishing guidelines for Director elections and appointments will help ensure a process that is consistent for all nominees and candidates, will promote active participation by SDRMA members in the election/appointment process, and will help ensure election/appointment of the most qualified candidate(s); and

WHEREAS, the Bylaws provide the Board with the option of conducting the election using a mail-in ballot process; and

WHEREAS, the Board of Directors of SDRMA has an overriding and compelling interest in ensuring the accuracy of the election/appointment process of its Board members through the creation of an election committee;

NOW, THEREFORE, it is the policy of the Board of Directors of SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY, until such policy shall have been amended or rescinded, that the following procedures shall be followed when conducting Director elections or filling a Director vacancy by appointment:

**1.0. Election Schedule**

1.1. Not later than the first Board meeting of each election year, the Board of Directors shall approve an election schedule based on the following criteria and time frames.

**2.0. Election Committee**

2.1. The Board of Directors herein establishes an election committee with the following composition, duties and responsibilities; The five (5) members of the Election Committee shall include two (2) presently sitting members of the Board of Directors of SDRMA whose seats are not up for election, the Chief Operating Officer of SDRMA, and the CPA/auditor regularly used and retained by SDRMA at the time of counting ballots

of and for an election to the Board of Directors. For good reason found and stated, the Board of Directors of SDRMA may appoint any CPA/auditor who, in the discretion of the Board of Directors, would appropriately serve the Election Committee. The General Counsel for SDRMA shall also sit as a member of the Election Committee with the additional obligation of providing legal advice to the balance of the Committee as legal questions may arise.

### 3.0. Member Notification of Election

- 3.1. Authority staff shall provide emailed notification, of an election for the Board of Directors, to all member agencies during January of each election year. Such notification shall be provided a minimum of ninety (90) days prior to the distribution of ballots and shall include (1) where to locate election documents in MemberPlus; (2) the number of Director seats to be filled by election; and (3) a summary of nomination/election deadline dates.

### 4.0. Qualifications

- 4.1. A candidate seeking election, re-election or appointment to SDRMA's Board of Directors must be a member of the Governing Body or a management employee of an SDRMA member participating in both the Property/Liability and Workers' Compensation Programs. To qualify as a "management employee," the candidate must be a management-level (as determined by the Governing Body) employee whose wages are reported to the IRS on a "W-2" form. Only one (1) representative from any Member may serve on the Board of Directors at the same time. [Per Bylaws, Article II, (2) (b)]
- 4.2. Each nominated candidate must submit a properly completed "Statement of Qualifications" (required form attached) with an original wet signature (electronic signatures are not acceptable) on or before the filing deadline in May in order for the candidate's name to be placed on the official ballot. A candidate shall provide responses to all questions on the candidate's "Statement of Qualifications". Each nominated candidate's "Statement of Qualifications" must be filed in SDRMA's office on or before the aforementioned deadline by (1) personal delivery; (2) U.S. mail; or (3) courier. To assure the Statement of Qualifications has affixed the candidate's original wet signature, the Statement of Qualifications may not be delivered by electronic mail. When ballots are provided to the membership, each candidate's "Statement of Qualifications" form will be available to the membership exactly as submitted by the candidate to SDRMA. However, any attachments submitted by the candidate(s) with the Statement of Qualifications will not be provided by SDRMA with the ballots to any members.
- 4.3. If a nominated candidate elects not to use the provided form "Statement of Qualifications," and prepares instead the candidate's own completed form, the

candidate's form must include the title "Statement of Qualifications" and contain exactly all information required and requested by the provided form.

NOTE: The candidate's "Statement of Qualifications" form must be submitted as a part of the nominating process. When ballots are made available to the membership, each candidate's "Statement of Qualifications" form will be distributed "exactly as submitted" to SDRMA, except that any attachments submitted by the candidate will not be sent to any SDRMA members.

- 4.4. A candidate who does not submit a Candidate's Statement of Qualifications that complies with Section 4.2 or 4.3 will be disqualified by the SDRMA Election Committee.

#### 5.0. Nominating Procedure

- 5.1. Candidates seeking election or reelection must be nominated by action of their respective Governing Body. Only one (1) candidate may be nominated per member agency and one (1) candidate shall not represent more than one (1) member agency. A resolution from the candidate's district/agency Governing Body nominating the candidate must be received by the Authority on or before the scheduled date in May. (A sample of the resolution is enclosed). Actual receipt by the Authority on or before the scheduled deadline date in May is required. The resolution nominating the candidate may be hand-delivered to the Authority or sent by U.S. mail or emailed to SDRMA. In the event a candidate is nominated by two (2) or more member agencies, he or she shall represent the member agency whose nominating resolution is first received by the Authority. The other member agency or agencies that nominated the candidate shall be entitled to select a replacement nominee as long as a resolution nominating the replacement is received by the Authority prior to the scheduled deadline date.
- 5.2. A member may not nominate a candidate unless that member is participating in both the Property/Liability and Workers' Compensation Programs and is in "good standing" on the date the nominations are due. "Good standing" is defined as no accounts receivable due to SDRMA which is more than ninety (90) days past due.
- 5.3. No earlier than the day after the deadline for receipt of nominations, the Election Committee, as hereinabove defined and comprised, shall review all nominations received from members, and will reject any nominations that do not meet all of the qualifications specified and set forth in this policy. The Election Committee's decisions regarding the qualification of nominees are final. Following the Election Committee's review of all nominations, the Election Committee shall direct that a ballot be prepared stating and listing all of the qualified nominees. The ballot of qualified nominees shall be provided to the membership for election via MemberPlus as described below.

- 5.4. Upon verification or rejection of each nominee by the Election Committee, staff will email acknowledgment to both the nominee and the district/agency of its acceptance or rejection as a qualified nominee for election.
- 5.5. A nominee requesting that his/her nomination be withdrawn prior to the election, shall submit such requests in writing to SDRMA's office a minimum of three (3) days prior to the scheduled date for posting the ballots. After that date, all qualified nominees names shall appear on the ballot provided to the membership.

#### 6.0. Terms of Directors

- 6.1. The election of directors shall be held in each odd-numbered year. The terms of the directors elected by the Members will be staggered. Four directors will serve four-year terms, to end on December 31 of one odd-numbered year. Three directors will serve four-year terms, to end on December 31 of the alternate off-numbered year. [Per Bylaws, Article II, (3), paragraph 1].

#### 7.0. Campaigning

- 7.1. SDRMA staff will publish via MemberPlus each qualified candidate's "Statement of Qualifications", "exactly as submitted" by the candidate with the ballots to the membership.
- 7.2. Candidates, at their own expense, may distribute additional information to member agency(s) after the ballots have been published and prior to the election.
- 7.3. SDRMA staff is prohibited from actively promoting a candidate or participating in the election process while on Authority premises.
- 7.4. SDRMA staff may provide member information, mailing lists, financial reports or operational data and information, that is normally available through the Public Records Act, to candidates to assist them in their research and campaigning. In addition to obtaining such information under the Public Records Act, candidates may request SDRMA staff prepare mailing labels for the distribution of campaign materials to member agencies. Under existing policy, charges will apply for this service. The SDRMA logo is trademarked for use by SDRMA only. Neither the logo, nor any other Trademark of SDRMA may be used in any campaign literature. No campaign literature is to imply support of any candidate by SDRMA.
- 7.5. SDRMA election documents for the membership, including ballots and candidates' "Statement of Qualifications", shall be made available via MemberPlus upon sending out an e-blast announcement via email.

## 8.0. Limitations on Campaigning

8.1. As used in this section the following terms have the following meanings:

"Campaign Activity" means any activity that expressly advocates the election or defeat of a candidate or provides direct support to a candidate for his or her candidacy. "Campaign activity" does not include the incidental and minimal use of public resources, such as equipment or office space, for campaign purposes or the use of public resources to nominate a candidate or vote in any Board of Directors election.

"Candidate" means an individual who has been nominated by the Member Agency to have his or her name listed on the ballot for election to the Board of Directors.

"Expenditure" means a payment of Member Agency funds that is used for communications that expressly advocate the election or defeat of a clearly identified candidate. "Expenditure" does not include the use of public funds to nominate a candidate or vote in any Board of Directors election.

"Public resources" means any property or asset owned by the Member Agency, including, but not limited to, land, buildings, facilities, funds, equipment, supplies, telephones, computers, vehicles, travel, and Member Agency-compensated time.

8.2. An officer, official, employee, or consultant of a Member Agency may not expend or authorize the expenditure of any of the funds of the Member Agency to support or oppose the election or defeat of a candidate for the Board of Directors.

8.3. No officer, official, employee, or consultant of a Member Agency shall use or permit others to use public resources for campaign activity.

8.4. At any time during an election campaign, if a Member Agency or its officers, officials, employees or consultants violate this section, that Member Agency shall be ineligible to nominate a candidate for the Board of Directors election in which the violation occurred. Any candidate of an offending Member Agency shall be deemed to have withdrawn his or her candidacy. Prior to declaring a Member Agency ineligible to nominate a candidate or a specific candidate's candidacy withdrawn, the Elections Committee shall hold a hearing to determine whether or not a violation of this section occurred. The hearing shall be conducted pursuant to reasonable procedures that the Elections Committee shall prescribe, provided that the affected Member Agency or candidate shall have an opportunity to dispute the violation. At the conclusion of the hearing, the Elections Committee shall determine by a majority vote whether the violation occurred.

## 9.0. Balloting

- 9.1. A ballot containing nominees for the Board of Directors, accepted and approved by the Election Committee, shall be made available to each SDRMA member agency via MemberPlus, except as provided in Section 9.2 below, no less than sixty (60) days prior to the deadline for receiving ballots and the closing date for voting. Ballots shall show the date and time the ballots must be received in SDRMA's office.
- 9.2. In the event that the number of qualified/approved nominees is equal to or less than the number of director seats up for election, the distribution of the ballots as outlined in Section 9.1 shall be waived.
- 9.3. Only those qualified nominees approved by the Election Committee will be eligible candidates on the ballot. Write-in candidates shall not be accepted.
- 9.4. It is required that the Governing Body of each member vote on behalf of their agency at a public meeting and the ballot MUST be signed by an authorized agency official.
- 9.5. A member may not vote unless the member was a member of the Authority in "good standing" on or before the nomination due date for the pending election. "Good standing" is defined as no accounts receivable due to SDRMA which is more than ninety (90) days past due.
- 9.6. A member may cast only one (1) vote for the same candidate. By way of example, if there are four (4) candidates on the ballot, a member may not cast two (2) to four (4) votes for any single candidate. Any ballot casting more than one (1) vote for the same candidate will be considered void.
- 9.7. A member may vote by using the official ballot provided by SDRMA, or a copy of SDRMA's original ballot, or a reasonable duplicate prepared by the member agency. Whichever of the three foregoing formats is used, the ballot must contain an original wet signature and confirmation that the ballot was approved at a public meeting of the agency's Governing Body. Ballots submitted without an original signature and/or without confirmation that the form of the ballot was approved at a public meeting of the agency's Governing Body will be considered void.
- 9.8. Ballots may be returned using either hand-delivered or mailed in ballots - faxed or e-mailed ballots will not be accepted. Mailed in ballots must be addressed to, and hand-delivered ballots must be delivered to, the Special District Risk Management Authority office presently located at 1112 I Street, Suite 300, Sacramento, California 95814-2865.

9.9. Any ballot received after the specified deadline will not be counted and will be considered void.

#### 10.0. Election Results

10.1. All ballots will be tabulated at SDRMA's office only after the deadline for receiving ballots. Ballots will be tabulated by SDRMA's Election Committee, no more than five (5) days after the closing deadline. Candidates receiving the highest number of votes shall be declared the elected director(s).

10.2. In the event of a tie, a coin toss shall be used to determine the elected director. The coin toss shall be conducted by the Election Committee at the time and place of the conclusion of counting ballots.

PROCEDURE: In the event more than two (2) candidates tie, the coin toss shall be between two (2) candidates at a time based on the order in which their name appeared on the ballot. This process shall be repeated, as needed, in cases where there are more than two (2) candidates.

10.3. Excluding tie votes, within five (5) days after the ballots tabulated Authority staff shall advise the candidates and their respective agency via email of the final election results. Copies of the results shall also be emailed/distributed to SDRMA's Board of Directors, staff and consultants and published in the first available CSDA newsletter.

10.4. If a director-elect withdraws after the election or fails to accept the Director seat prior to December 31, the Board shall name a new director-elect by going back to the ballots and awarding the seat to the candidate receiving the next highest number of votes during the election.

10.5. Staff shall invite newly elected director(s) to attend the last Board meeting of the year after confirmation of election results. Director(s) elect will be reimbursed for expenses, except for director stipends, in accordance with approved director reimbursement policy (copy of policy shall be provided to newly elected directors).

10.6. A member or candidate dissatisfied with the election result may, within ten (10) days after the ballots are opened and tabulated, file with the Authority a written challenge and appeal. The challenge and appeal must clearly set forth the complaint and any and all facts in support of the challenge and appeal. Within ten (10) days after the ballots are opened and tabulated, the challenge and appeal shall be delivered and received by the Authority. Within five (5) days of receipt of the challenge and appeal, the Authority shall deliver the same to the Election Committee for decision. The Election Committee shall have absolute authority for deciding the challenge and appeal. Notice of the decision of

the Election Committee shall be provided to the party filing the challenge and appeal within ten (10) days.

#### 11.0. Director Vacancy

11.1. If a director vacancy(s) occurs (Note 1), appointment of a replacement director for the balance of the unexpired term will be made by the remaining members of the SDRMA Board. In order to accomplish this in an orderly and consistent manner, when a vacancy(s) of an elected Director(s) occurs, the SDRMA Board of Directors, after discussion and consideration, shall, when deemed appropriate, instruct staff to:

- a) notify all then member entities via email that a vacancy has occurred; and
- b) said notice shall refer to the applicable Article in the By-laws in advising member entities and their eligible candidates of the steps to take to apply for appointment; and
- c) the SDRMA Board shall establish the closing date for the receipt of applications; and
- d) candidates shall submit the following, by the date specified in the notice:
  - i) a letter of interest; and
  - ii) a resume, with particular emphasis on the candidate's knowledge of special districts and risk management; and
  - iii) a resolution from, or a letter approved by, the candidate's Governing Body nominating the candidate; and
- e) the Election Committee shall review all applications received, and shall reject any that do not meet all of the qualifications specified and set forth in this policy; and
- f) upon verification or rejection of each application by the Election Committee, staff will email acknowledgement to both the applicant and the district/agency of its acceptance or rejection of the applicant as a qualified candidate for appointment; and
- g) candidates shall be interviewed at the next regularly scheduled meeting of the SDRMA Board of Directors following the date of closure for the applications. Interviews shall be in person, or if an unforeseen emergency arises, the interview may be by telephone or via Zoom at the same scheduled time; and
- h) the SDRMA Board shall make the appointment without undue delay, but need not act at the same meeting.

Note 1: If the Director vacancy occurs within nine (9) months after the date the ballots were counted and certified by the Election Committee or within nine (9) months after a candidate was appointed to fill a vacancy, then the Board shall have the option to interview and appoint the candidate(s) who did not receive sufficient votes to be elected OR to interview and appoint from the pool of candidates from 11.1.g) above. If the Director vacancy occurs in an election year after the Notification of Election is sent to the members, the Board may determine to fill the vacancy by appointing the candidate who receives the next highest number of votes in the election. If the Board determines in its sole discretion that none of these options is appropriate, then staff shall be instructed to proceed with the process described above in steps 11.1 a) to h).



Revised and adopted this 6<sup>th</sup> day of January 2021, by the Board of Directors of Special District Risk Management Authority, at a regular meeting thereof.

This Policy No. 2021-02 supersedes Policy No. 2019-08 and all other policies inconsistent herewith.

APPROVED:

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Michael Scheafer, President  
Board of Directors

ATTEST:

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Laura S. Gill, ICMA-CM, ARM, ARM-P, CSDM  
Chief Executive Officer

SAMPLE  
RESOLUTION FOR  
CANDIDATE NOMINATION

**Downloadable Resolution (MS Word Version) is provided in the  
"2021 Election Information" link on the SDRMA Website**

[AGENCY NAME]

RESOLUTION NO.

A RESOLUTION OF THE GOVERNING BODY OF THE [AGENCY NAME] NOMINATING [CANDIDATE'S NAME]

AS A

CANDIDATE FOR ELECTION TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS

WHEREAS, the Special District Risk Management Authority (SDRMA) is a Joint Powers Authority formed under California Government Code, Section 6500 et.seq., for the purpose of providing risk management and risk financing for California Special Districts and other local government agencies; and

WHEREAS, the Joint Powers Agreement (JPA) and Bylaws of SDRMA set forth director qualifications, terms of office and election requirements; and

WHEREAS, the Board of Directors of SDRMA established procedures and guidelines for the Director Election process; and

WHEREAS, the Board of Directors of SDRMA established a policy requiring candidates seeking election to the SDRMA Board of Directors to be: 1) a member of the agency's governing body or management employee per SDRMA Election Policy 2021-02, Section 4.1 and be an active member agency of both SDRMA's Property/Liability and Workers' Compensation Programs, and 2) be nominated by Resolution of their member agency's governing body, and 3) each nominated candidate must submit a completed and signed "Candidate's Statement of Qualifications" on or before the May 3, 2021 filing deadline in order for the candidate's name to be placed on the official ballot.

NOW, THEREFORE, BE IT RESOLVED:

1. The governing body of [AGENCY NAME] nominates [CANDIDATE'S NAME], its [POSITION TITLE], as a candidate for the Board of Directors of the Special District Risk Management Authority.

2. [ONLY IF CANDIDATE IS NOT A MEMBER OF THE AGENCY'S GOVERNING BODY: The governing body of [AGENCY NAME] has determined that [CANDIDATE'S NAME] is a management employee for purposes of SDRMA Election Policy 2021-02, Section 4.1].

3. The governing body of [AGENCY NAME] further directs that a copy of this Resolution be delivered to SDRMA on or before the May 3, 2021 filing deadline.

ADOPTED this [DATE] of [MONTH/YEAR] by the Governing Body of [AGENCY NAME] by the following roll call votes:

AYES: [LIST NAMES of GOVERNING BOARD VOTES]

NAYES: "

ABSTAIN: "

ABSENT: "

APPROVED:

ATTEST:

\_\_\_\_\_  
President – Governing Body

\_\_\_\_\_  
Secretary

CANDIDATE'S STATEMENT  
OF  
QUALIFICATIONS

Provided are 2 sets of the **Candidate's Statement of Qualifications** Form and can be completed one of two ways as follows:

- 1 set is downloadable to be completed by hand, or
- 1 set is an online fillable PDF Form.





**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – **no attachments will be accepted**. No statements are endorsed by SDRMA.

Candidate\*

District/Agency

Work Address

Work Phone

Home Phone

\*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have?  
**(Response Required)**

What is your overall vision for SDRMA? **(Response Required)**

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature \_\_\_\_\_ Date \_\_\_\_\_



Lou Ann Texeira  
 Executive Officer

**MEMBERS**

- |   |  |
|---|--|
| <b>Candace Andersen</b><br><i>County Member</i>         | <b>Federal Glover</b><br><i>County Member</i>              |
| <b>Donald A. Blubaugh</b><br><i>Public Member</i>       | <b>Michael R. McGill</b><br><i>Special District Member</i> |
| <b>Tom Butt</b><br><i>City Member</i>                   | <b>Rob Schroder</b><br><i>City Member</i>                  |
| <b>Igor Skaredoff</b><br><i>Special District Member</i> |  |

**ALTERNATE MEMBERS**

- |   |
|---|
| <b>Diane Burgis</b><br><i>County Member</i>               |
| <b>Stanley Caldwell</b><br><i>Special District Member</i> |
| <b>Charles R. Lewis, IV</b><br><i>Public Member</i>       |
| <b>Edi Birsan</b><br><i>City Member</i>                   |

April 14, 2021

**April 14, 2021**  
**Agenda Item 11**

Contra Costa Local Agency Formation Commission  
 40 Muir Road, 1<sup>st</sup> Floor  
 Martinez, CA 94553

**Third Quarter Budget Report - Fiscal Year 2020-21**

Dear Members of the Commission:

This is the third quarter budget report for FY 2020-21, which compares adopted and actual expenses and revenues for the period July 1, 2020 through March 31, 2021.

The LAFCO operating budget includes the following components: salaries/benefits, services/supplies, a contingency/reserve fund, Other Post-Employment Benefits (OPEB) Trust and retirement pre-funding account. The budget is based on the “bottom line,” which allows for variation within line-item accounts if the overall balance remains positive. Funds may not be drawn from the contingency/reserve without Commission approval.

LAFCO’s budget is funded primarily by the County, cities, and independent special districts, with each group paying one-third of the LAFCO budget. The city and district shares are prorated based on general revenues reported to the State Controller’s Office. LAFCO also receives revenue through application fees and interest earnings.

**DISCUSSION**

On June 12, 2020, LAFCO adopted its final FY 2020-21 budget with total appropriations of \$994,882, which includes an \$100,000 contingency/reserve fund, a contribution of \$40,000 to fund the OPEB liability, and a contribution of \$30,000 to pre-fund LAFCO’s retirement account with the Contra Costa County Employees’ Retirement Association (CCCERA). The Commission adopted a reduced budget for FY 2020-21 in response to the pandemic (COVID), thereby reducing County, city, and independent special district LAFCO apportionments by 11%.

With 75% of the fiscal year elapsed, the Commission’s third quarter expenditures are \$450,548 or 45.2% of total appropriations. The Commission budgeted \$387,000 in *salaries/benefits* for FY 2020-21; at the end of the third quarter, actual expenses total \$243,424, or 69.7% of the budgeted amount. The Commission budgeted \$437,882 in *services/supplies*; at the end of the third quarter expenses total \$181,828 or 41.5%.

Both the \$40,000 OPEB liability and CCCERA liability pre-funding payments are reflected in the third quarter budget report.

The primary sources of revenues are local agency contributions, application fees, and available fund balance. Total revenues received as of the third quarter are \$985,576 (including fund balance) or 99% of revenues. Other sources of revenue include application fees, interest earnings and fund balance. Regarding application fees, FY 2020-21 application activity is lower than FY 2019-20 activity. During the first three quarters of FY 2020-21, LAFCO received four new applications, compared to six new applications received during the first three quarters of FY 2019-20.

Regarding interest earnings, LAFCO is currently receiving some investment earnings through the OPEB trust account, which remains in that account.

Finally, when available, we budget available fund balance to offset agency contributions. The FY 2020-21 budget includes \$175,000 in budgeted fund balance.

A summary of third quarter expenditures and revenues is presented in the table below.

Account	FY 2020-21 Final Budget	Third Quarter Actuals
Salaries & Benefits	\$ 387,000	\$ 270,123
Services & Supplies	437,882	181,828
Contingency/Reserve	100,000	0
OPEB Trust	40,000	40,000
CCCERA Pre-Fund	30,000	30,000
<b>Total Expenditures</b>	<b>\$ 994,882</b>	<b>\$ 491,951</b>
Agency Contributions	\$ 794,882	\$ 794,881
Application/Other Revenue	25,000	15,694
Interest Earnings	-	-
Fund Balance	175,000	175,000
<b>Total Revenues</b>	<b>\$ 994,882</b>	<b>\$ 985,575</b>

No budget adjustments are recommended at this time. LAFCO staff will continue to closely monitor the budget, and keep the Commission apprised.

**RECOMMENDATION**

It is recommended that the Commission receive the FY 2020-21 third quarter budget report.

Sincerely,  
  
 LOU ANN TEXEIRA  
 EXECUTIVE OFFICER



Lou Ann Teixeira  
*Executive Officer*

**MEMBERS**

<b>Candace Andersen</b> <i>County Member</i>	<b>Federal Glover</b> <i>County Member</i>
<b>Donald A. Blubaugh</b> <i>Public Member</i>	<b>Michael R. McGill</b> <i>Special District Member</i>
<b>Tom Butt</b> <i>City Member</i>	<b>Rob Schroder</b> <i>City Member</i>
<b>Igor Skaredoff</b> <i>Special District Member</i>	

**ALTERNATE MEMBERS**

**Diane Burgis**  
*County Member*

**Stanley Caldwell**  
*Special District Member*

**Charles R. Lewis, IV**  
*Public Member*

**Edi Birsan**  
*City Member*

April 14, 2021 (Agenda)

Contra Costa Local Agency Formation Commission  
 40 Muir Road, 1<sup>st</sup> Floor  
 Martinez, CA 94553

**April 14, 2021**  
**Agenda Item 12**

**Actuarial Evaluation – Post-Employment Medical Benefits Plan  
 GASB 75 Supplemental Schedules – Measurement Period July 1, 2019 to June 30, 2020**

Dear Members of the Commission:

Contra Costa LAFCO provides post-employment healthcare benefits for its retired employees and their dependents. LAFCO currently funds the employer’s share of these benefits for its retirees.

In FY 2011-12, the Commission initiated a plan to fund future benefit costs and minimize future liabilities to LAFCO. The plan includes prefunding the post-employment healthcare liability. In FY 2011-12, the Commission began funding this liability initially at \$10,000 per year as part of the LAFCO budget.

LAFCO’s plan also includes participation in a trust to hold these funds. In 2014, LAFCO entered into an agreement with Contra Costa County and the Public Agencies Post-Retirement Health Care Plan Trust (“Trust”) administered by Public Agency Retirement Services (PARS).

To participate in the PARS trust and comply with federal accounting rules Government Accounting Standard Board Statement 45 (GASB 45) which require LAFCO to disclose any unfunded post-employment benefits in its annual audits, LAFCO must conduct actuarial evaluations. These evaluations calculate the future liability for retiree healthcare and other post-employment benefits and the employer’s annual contribution rate.

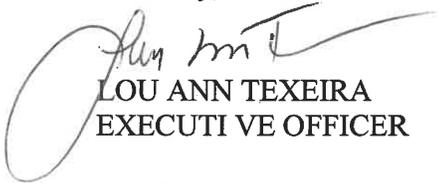
In 2014, LAFCO entered into an agreement with the California School Boards Association (CSBA) and the actuarial firm of Demsey, Filliger & Associates LLC to prepare actuarial evaluations. If an employer has less than 100 “plan members” it is eligible to prepare an alternative measurement method (AMM) report in lieu of a full actuarial evaluation. In response to recent statutory changes, LAFCO is required to prepare these evaluations at least every other year. The information contained in the AMM is also used in preparing LAFCO’s annual audits and budgets.

Since March 2014, LAFCO has completed seven actuarial evaluations/supplemental schedules. In FY 2015-16, following completion of its first actuarial evaluation, the Commission increased its annual funding for Other Post-Employment Benefits (OPEB) from \$10,000 to \$40,000 per year.

The most recent actuarial evaluation, ***GASB 75 Supplemental Schedule - Measurement Period July 1, 2019 to June 30, 2020*** (attached), provides information applicable to the measurement period. The report reflects benefit payments made within the measurement period as well as the applicable discount rate, assets, and projected liabilities as of June 30, 2020. The report also shows that as of June 30, 2020, LAFCO has accrued \$283,868 which is held in the PARS trust account. The recent GASB reports indicates that LAFCO's prefunding amount is sufficient. Overall, LAFCO's long-term rate of return is approximately 4% (conservative) and LAFCO is approximately 80% funded – both affirmative indicators. Consequently, LAFCO can reduce its annual prefunding of the OPEB liability.

**RECOMMENDATION:** Informational report – no action needed.

Sincerely,



LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment

*GASB Statement No. 75 – Supplemental Schedules – 7/1/19 - 6/30/20 – Measurement Period*

cc: Bob Campbell, Contra Costa County Auditor  
Lisa Driscoll, Contra Costa County Finance Director  
Michael O'Connor, CPA, RIA, R. J. Ricciardi, Inc. - Certified Public Accountants



**GASB Statement No. 75**

**Supplemental Schedules**

**for Contra Costa Local Agency Formation Commission**

*Reporting Period: July 1, 2020 to June 30, 2021*  
*Measurement Period: July 1, 2019 to June 30, 2020*  
*Valuation Date: July 1, 2019*

March 12, 2021

**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

**Note to Auditors**

DFA, LLC (DFA) has prepared the following supplemental schedules to accompany the Agency's actuarial valuation as of July 1, 2019 to (1) facilitate preparation of GASB 75 reporting and (2) provide information that (if applicable) was not determinable as of the valuation date. We have prepared this supplement based on the results of our actuarial valuation and (if applicable) subsequent projections. We are available to discuss any differences between our calculations and your records.

Our actuarial valuation report is intended to comply with GASB 75's valuation requirements (at least one every two years); the following schedules are intended to provide the reporting information specific to the applicable reporting period (July 1, 2020 to June 30, 2021), with updates to the measurement date (June 30, 2020).

**Notes to the Financial Statements for the Year Ended June 30, 2021**

**Plan Description**

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

*Benefits provided.* Employees who attain age 55 and complete 10 years of service are eligible to receive an Agency paid benefit. The Agency pays a portion of the retiree's medical and dental benefits for the lifetime of the retiree and their dependents.

*Plan membership.* At July 1, 2019, membership consisted of the following:

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

*Contributions.* The contribution requirements of Plan members and the Agency are established and amended by the Agency. The Agency has an irrevocable trust account with Public Agency Retirement Services (PARS).

**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

**Net OPEB Liability**

The Agency's Net OPEB Liability was measured as of June 30, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2019. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

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

Actuarial cost method	Entry Age, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Investment rate of return	4.00 percent, net of OPEB plan investment expense
Healthcare cost trend rate	5.90 percent for 2020; 5.80 percent for 2021; 5.70 percent for 2022; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. Equity	60%	4.4%
U.S. Fixed	40%	1.5%

*Discount rate.* GASB 75 requires a discount rate that reflects the following:

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

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the Agency's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2020	June 30, 2019	4.00%	3.13%	4.00%
June 30, 2021	June 30, 2020	4.00%	2.45%	4.00%



**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

The components of the net OPEB liability were as follows:

Total OPEB liability	351,331
Plan fiduciary net position	283,868
Net OPEB liability	\$67,463
Measurement date	June 30, 2020
Reporting date	June 30, 2021
Covered payroll	\$208,785
Net OPEB liability (asset) as a percentage of covered payroll	32.31%
Plan fiduciary net position as a percentage of the total OPEB liability	80.80%

*Schedule of Changes in Net OPEB Liability (June 30, 2019 to June 30, 2020)*

<b>Total OPEB Liability</b>	
Service Cost	20,689
Interest	14,067
Changes of benefit terms	0
Difference between expected and actual experience	0
Changes in assumptions or other inputs	0
Benefit payments <sup>1</sup>	(28,546)
<b>Net change in total OPEB liability</b>	<b>6,210</b>
<b>Total OPEB liability – June 30, 2019 (a)</b>	<b>\$345,121</b>
<b>Total OPEB liability – June 30, 2020 (b)</b>	<b>\$351,331</b>
<b>Plan fiduciary net position</b>	
Contributions – employer <sup>1</sup>	68,546
Net investment income	9,609
Benefit payments <sup>1</sup>	(28,546)
Trustee fees	(161)
Administrative expense	0
<b>Net change in plan fiduciary net position</b>	<b>49,448</b>
<b>Plan fiduciary net position – June 30, 2019 (c)</b>	<b>\$234,420</b>
<b>Plan fiduciary net position – June 30, 2020 (d)</b>	<b>\$283,868</b>
<b>Net OPEB liability – June 30, 2019 (c) – (a)</b>	<b>\$110,701</b>
<b>Net OPEB liability – June 30, 2020 (d) – (b)</b>	<b>\$67,463</b>

<sup>1</sup> Amount includes any implicit subsidy associated with benefits paid (see Page 5).

**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability (asset)	100,476	67,463	39,302

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.90% for 2020, 4.00% ultimate)	Trend Rate (5.90% for 2020, 5.00% ultimate)	1% Increase (6.90% for 2020 6.00% ultimate)
Net OPEB liability (asset)	36,176	67,463	103,682



**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

**Statement of Fiduciary Net Position**

<b>Assets</b>	
Cash, deposits, and cash equivalents	0
Receivables:	
Accrued Income	0
Total receivables	0
Investments:	
Managed account	283,868
Total Investments	283,868
Total Assets	283,868
<b>Liabilities</b>	
Payables	0
Total Liabilities	0
<b>Net position restricted for postemployment benefits other than pensions</b>	<b>\$283,868</b>
Measurement date	June 30, 2020
Reporting date	June 30, 2021

**Statement of Changes in Fiduciary Net Position**

<b>Additions</b>	
Employer contributions <sup>2</sup>	68,546
Investment income:	
Net increase in fair value of investments	9,609
Total additions	78,155
<b>Deductions</b>	
Trustee fees	161
Administrative expense	0
Benefit payments <sup>2</sup>	28,546
Total deductions	28,707
Net increase in net position	49,448
<b>Net position restricted for postemployment benefits other than pensions</b>	
Beginning of year – June 30, 2019	\$234,420
End of year – June 30, 2020	\$283,868

<sup>2</sup> Includes an implicit subsidy credit as follows:

	Trust	Non-Trust	Total
Employer contribution	\$40,000	\$27,839	\$67,839
Implicit subsidy credit	0	707	707
Total employer contributions	\$40,000	\$28,546	\$68,546
Benefit payments	\$0	\$27,839	\$27,839
Implicit subsidy credit	0	707	707
Total benefit payments	\$0	\$28,546	\$28,546



**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

**Investments**

*Investment policy.* The Agency's policy regarding the allocation of the plan's invested assets is established and may be amended by Agency management. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The Agency's assets are invested through PARS. The asset allocation ranges for this objective are listed below:

<i>Strategic Asset Allocation Ranges</i>			
	Cash	Fixed Income	Equity
Stated Range	0-20%	40%-60%	40%-60%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The investment manager (assisting the Agency) will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with the objectives.

*Rate of return.* For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 3.59 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

<b>Annual money-weighted rate of return, net of investment expense</b>	3.59%
--	-------

**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2021, the Agency's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience <sup>3,4</sup>	0	0
Changes in assumptions or other inputs <sup>3,4</sup>	0	0
Differences between projected and actual return investments <sup>3,4</sup>	1,787	3,847
<b>Total</b>	<b>\$1,787<sup>5</sup></b>	<b>\$3,847</b>

<sup>3</sup> Measured at June 30, 2020.

<sup>4</sup> See Schedule of Deferred Outflows and Inflows of Resources for additional information.

<sup>5</sup> Does not include Agency contributions (plus associated implicit subsidy) made after the measurement, which will be recognized as a reduction of the Net OPEB Liability in the year ending June 30, 2021.

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

Fiscal Year ending June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	1,149	(1,411)
2023	212	(1,410)
2024	212	(1,026)
2025	214	0
2026	0	0
2027	0	0
2028	0	0
2029	0	0
2030	0	0
2031	0	0

**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

**Schedule of Deferred Outflows of Resources**

Year	Type	Category	Initial Base	Amortization Period	Annual Recognition	Current Balance
2018	Deferred Outflow	Difference between expected and actual experience	0	0.0	0	0
2018	Deferred Outflow	Changes in assumptions or other inputs	0	0.0	0	0
2018	Deferred Outflow	Net difference between projected and actual earnings on plan investments	4,693	5.0	939	937
2019	Deferred Outflow	Difference between expected and actual experience	0	0.0	0	0
2019	Deferred Outflow	Changes in assumptions or other inputs	0	0.0	0	0
2019	Deferred Outflow	Net difference between projected and actual earnings on plan investments	0	0.0	0	0
2020	Deferred Outflow	Difference between expected and actual experience	0	0.0	0	0
2020	Deferred Outflow	Changes in assumptions or other inputs	0	0.0	0	0
2020	Deferred Outflow	Net difference between projected and actual earnings on plan investments	0	0.0	0	0
2021	Deferred Outflow	Difference between expected and actual experience	0	1.0	0	0
2021	Deferred Outflow	Changes in assumptions or other inputs	0	1.0	0	0
2021	Deferred Outflow	Net difference between projected and actual earnings on plan investments	1,062	5.0	212	850
<b>Total</b>						<b>1,787</b>

**Schedule of Deferred Inflows of Resources**

Year	Type	Category	Initial Base	Amortization Period	Annual Recognition	Current Balance
2018	Deferred Inflow	Difference between expected and actual experience	0	0.0	0	0
2018	Deferred Inflow	Changes in assumptions or other inputs	0	0.0	0	0
2018	Deferred Inflow	Net difference between projected and actual earnings on plan investments	0	0.0	0	0
2019	Deferred Inflow	Difference between expected and actual experience	0	0.0	0	0
2019	Deferred Inflow	Changes in assumptions or other inputs	0	0.0	0	0
2019	Deferred Inflow	Net difference between projected and actual earnings on plan investments	1,934	5.0	387	773
2020	Deferred Inflow	Difference between expected and actual experience	194,009	1.0	0	0
2020	Deferred Inflow	Changes in assumptions or other inputs	27,855	1.0	0	0
2020	Deferred Inflow	Net difference between projected and actual earnings on plan investments	5,122	5.0	1,024	3,074
2021	Deferred Inflow	Difference between expected and actual experience	0	1.0	0	0
2021	Deferred Inflow	Changes in assumptions or other inputs	0	1.0	0	0
2021	Deferred Inflow	Net difference between projected and actual earnings on plan investments	0	5.0	0	0
<b>Total</b>						<b>3,847</b>



**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

**Net OPEB Expense**

The Agency's Net OPEB expense was \$(197,878).

Net OPEB Liability – beginning (a)	\$110,701
Net OPEB Liability – ending (b)	\$67,463
Change in Net OPEB Liability [(b)-(a)]	(43,238)
Change in Deferred Outflows	89
Change in Deferred Inflows	(223,275)
Employer Contributions	68,546
Net OPEB Expense – June 30, 2019 to June 30, 2020	\$(197,878)

Service Cost	20,689
Interest Cost	14,067
Expected Return on Assets	(10,510)
Changes of benefit terms	0
Recognition of Deferred Outflows and Inflows	
Differences between expected and actual experience	(194,009)
Changes of assumptions	(27,855)
Differences between projected and actual investments	(260)
Total	(222,124)
Net OPEB Expense – June 30, 2019 to June 30, 2020	\$(197,878)

**Actuarially Determined Contribution**

The actuarially determined contributions from the most recent actuarial valuation are:

Actuarially Determined Contribution for year ending June 30, 2020 <sup>6</sup>	\$25,916
Actuarially Determined Contribution for year ending June 30, 2021 <sup>6</sup>	26,694

Valuation Date	July 1, 2019
Discount Rate (Expected Long-term Return on Assets)	4.00%
Salary Increases	3.00%

<sup>6</sup> For purposes of reporting the comparison between actual employer OPEB contributions and the actuarially determined contribution, we recommend multiplying the actual Agency-paid contributions to trust and Agency-paid premiums on behalf of retirees by a factor of 1.0254 to adjust for the implicit subsidy.

**Contra Costa Local Agency Formation Commission  
Post-Employment Medical Benefits Plan**

**GASB 75 Disclosure Information**

**Actuarial Certification**

The results set forth in this supplement are based on our actuarial valuation of the health and welfare benefit plans of the Contra Costa Local Agency Formation Commission as of July 1, 2019.

The valuation was performed in accordance with generally accepted actuarial principles and practices. We relied on census data for active employees and retirees provided to us by the Agency. We also made use of claims, premium, expense, and enrollment data, and copies of relevant sections of healthcare documents provided to us by the Agency, and (when applicable) trust statements prepared by the trustee and provided to us by the Agency.

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of the actuarial costs of the program under GASB 74 and GASB 75, and the existing and proposed Actuarial Standards of Practice for measuring post-retirement healthcare benefits.

Each undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Certified by:



Molly McGee, ASA, EA, MAAA  
Actuary



Carlos Diaz, ASA, EA, MAAA  
Actuary

Contra Costa Local Agency Formation Commission  
c/o California School Boards Association



Lou Ann Texeira  
 Executive Officer

**MEMBERS**

<b>Candace Andersen</b> <i>County Member</i>	<b>Federal Glover</b> <i>County Member</i>
<b>Donald A. Blubaugh</b> <i>Public Member</i>	<b>Michael R. McGill</b> <i>Special District Member</i>
<b>Tom Butt</b> <i>City Member</i>	<b>Rob Schroder</b> <i>City Member</i>
<b>Igor Skaredoff</b> <i>Special District Member</i>	

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<b>Charles R. Lewis, IV</b> <i>Public Member</i>
<b>Edi Birsan</b> <i>City Member</i>

April 14, 2021 (Agenda)

Contra Costa Local Agency Formation Commission  
 40 Muir Road, 1<sup>st</sup> Floor  
 Martinez, CA 94553

**April 14, 2021  
 Agenda Item 13**

**Chang Property Boundary Reorganization - Update**

Dear Members of the Commission:

On August 8, 2018, the Commission approved the *Chang Property Reorganization – Annexations to the City of San Ramon, Central Contra Costa Sanitary District (CCCSD) and East Bay Municipal Utility District (EBMUD) and Corresponding Detachment from County Service Area (CSA) P-6*. The proposal includes annexation of 63.5± acres to the City of San Ramon, CCCSD and EBMUD and corresponding detachment from CSA P-6. The area is located at the intersection of Bollinger Canyon Road and Crow Canyon Road in unincorporated San Ramon. The proposal will extend city, wastewater, and water services to facilitate the development of 43 single-family large lot homes, 18 accessory dwelling units, and related facilities on the Chang property.

One of LAFCO’s conditions of approval is that *the property owner provide LAFCO with a certified copy of a recorded grant of open space easement from the Chang property owner(s) to the City of San Ramon and/or other public agency or land trust that prohibits urban development and permanently preserves the existing open space and agricultural uses on 134± acres that are outside of the urban growth boundary and designated for open space and agricultural uses. Further, that the easement remains in effect in perpetuity, and that it is consistent with the conditions of approval in accordance with the Vesting Tentative Map 9485.*

In accordance with Government Code §57001, if a Certificate of Completion is not filed within one year after the Commission approves a proposal, the proceeding shall be deemed abandoned unless prior to the expiration of that year the Commission authorizes an extension of time to complete the proceedings.

The landowners experienced delays in coordinating the timing of the open space easement with the City of San Ramon and the resource agencies due to COVID and other challenges. In response

to requests from the landowners, the Commission has approved three extensions of time (July 2019, June 2020, October 2020). The last extension was for an additional six months to July 9, 2021.

Toll Brothers, Inc. recently partnered with Hsientein Project Investment and both companies are working together to develop and complete the project. The interested parties requested that an informational update be included on the April 14, 2021 LAFCO agenda (see attached letter).

**RECOMMENDATION:** This is an informational report; no action is needed.

Sincerely,



LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment

c: Steve Savage, Toll Brothers, Inc.  
Todd Callahan, Toll Brothers, Inc.  
Vicky Chang, Hsientein Project Investment

# Toll Brothers

America's Luxury Home Builder™

April 6, 2021

Contra Costa Local Agency Formation Commission  
40 Muir Road, 1<sup>st</sup> Floor  
Martinez, CA 94553

Subject: Chang Property  
San Ramon, California

Dear Ms. Teixeira:

On behalf of Hsientein Project Investment and Toll Brothers, Inc., we are requesting to participate as an informational item in the upcoming April 14, 2021 meeting for the Chang Property in regard to the annexation to the City of San Ramon, Central Contra Costa Sanitary District and East Bay Municipal Utility District. Toll Brothers, Inc. is working with Ms. Chang on the project to develop and complete project going forward.

Hsientein Project Investment and Toll Brothers, Inc. is also requesting to be added to the agenda of June 9, 2021 to formally request an extension to complete the requirements of an open space easement prohibiting urban development and permanently preserves the existing open space and agricultural uses on the 134+/- acres that are outside the Urban growth boundary and designated for open space and agricultural uses. And consistent with the conditions of approval of Vesting Tentative Map 9485.

If you have any questions, please give me a call at 510-377-6370 to discuss further.

Sincerely,

Toll Brothers, Inc.



Steve Savage

Vice President

CC: Vicky Chang, Hsientein Project Investment

Todd Callahan, Toll Brothers, Inc.



**April 14, 2021**  
**Agenda Item 14**

## **AGENDA**

### **RETIREMENT BOARD MEETING**

#### REGULAR MEETING

January 13, 2021, 9:00 a.m.

The Board of Retirement meeting will be accessible telephonically at +1 (408) 650-3123, access code 306-520-693 due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020.

Persons who wish to make public comment may submit their comment to [publiccomment@cccera.org](mailto:publiccomment@cccera.org) on the day of the meeting, either before or during the meeting. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).) All comments submitted will be included in the record of the meeting. The comments will be read into the record at the meeting, subject to a three-minute time limit per comment.

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

1. Pledge of Allegiance.
2. Roll Call.
3. Accept comments from the public.
4. Approve minutes from the November 18, 2020 and December 9, 2020 meetings.
5. Routine items for January 13, 2021.
  - a. Approve certifications of membership.
  - b. Approve service and disability allowances.
  - c. Accept disability applications and authorize subpoenas as required.
  - d. Approve death benefits.
  - e. Accept asset allocation report.
  - f. Accept liquidity report.

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

## **CLOSED SESSION**

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

<u>Member</u>	<u>Type Sought</u>	<u>Recommendation</u>
a. Mark Emery	Service Connected	Non-Service Connected

7. The Board will continue in closed session pursuant to Govt. Code Section 54957 to consider the Hearing Officer's recommendation regarding the disability application for Rhonda Barksdale.
8. The Board will continue in closed session pursuant to Govt. Code Section 54957 to consider the Hearing Officer's recommendation regarding the disability application for Sandra Eschliman.
9. The Board will continue in closed session pursuant to Govt. Code Section 54957 to consider the Hearing Officer's recommendation regarding the disability application for Theresa Nino.
10. The Board will continue in closed session pursuant to Govt. Code Section 54957 to consider the Hearing Officer's recommendation regarding the disability application for Tavane Payne.

## **OPEN SESSION**

11. Consider and take possible action to authorize the CEO to execute an agreement with Contra Costa Superior Court for contribution and reporting deadlines.
12. Presentation of the Contra Costa County Assessor's Office employer audit report.
13. Consider authorizing the attendance of Board:
- 9<sup>th</sup> Annual Risk & Liquidity Forum, Institutional Investor Forums, January 26-28, 2021, Virtual. (Note: Conflict with meeting)
  - 39<sup>th</sup> Annual Sit Investment Client Workshop, February 11-12, 2021, Virtual.
  - NASRA Winter Meeting & Joint Legislative Conference, February 22-24, 2021, Virtual. (Note: Conflict with meeting)
  - CALAPRS General Assembly, March 8-9, 2021, Virtual.
14. Miscellaneous
- Staff Report
  - Outside Professionals' Report
  - Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.



## **AGENDA**

### **RETIREMENT BOARD MEETING**

#### REGULAR MEETING

January 27, 2021, 9:00 a.m.

The Board of Retirement meeting will be accessible telephonically at +1 (872) 240-3212, access code 454-753-685 due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020.

Persons who wish to make public comment may submit their comment to [publiccomment@cccera.org](mailto:publiccomment@cccera.org) on the day of the meeting, either before or during the meeting. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).) All comments submitted will be included in the record of the meeting. The comments will be read into the record at the meeting, subject to a three-minute time limit per comment.

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

1. Pledge of Allegiance.
2. Roll Call.
3. Accept comments from the public.

#### **CLOSED SESSION**

4. CONFERENCE WITH LABOR NEGOTIATORS  
(Government Code Section 54957.6)

Agency designated representative:  
Gail Strohl, Chief Executive Officer

Unrepresented Employees: All CCCERA unrepresented positions

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

5. The Board will continue in closed session pursuant to Govt. Code Section 54957 to evaluate the performance of the following public employee:

Title: Chief Executive Officer

6. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:
  - a. *Contra Costa County Deputy Sheriffs Association, et al., v. Board of Retirement of CCCERA, et al.*, Contra Costa County Superior Court, Case No. MSN12-1870

**OPEN SESSION**

7. Educational presentation on fiduciary duties presented by fiduciary counsel.
8. Educational presentation on Ralph M. Brown Act open meetings laws.
9. Consider and take possible action to adopt a cost-of-living increase for retirees as of April 1, 2021.
10. Presentation of asset allocation implementation timeline.
11. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.



## **AGENDA**

### **RETIREMENT BOARD MEETING**

REGULAR MEETING

February 10, 2021, 9:00 a.m.

Due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020, the Board of Retirement shall hold its meeting via teleconferencing. The meeting is accessible telephonically at (669) 900-6833, Webinar ID: 979 5776 9876, Passcode: 276941, or via the web at <https://zoom.us/j/97957769876?pwd=NkpuZ2xxS2pwZkJMYUxqdjl1V2lzQT09> Passcode: 276941

**Persons who wish to make public comment may submit their comment to:**

[publiccomment@cccera.org](mailto:publiccomment@cccera.org) on the day of the meeting, either before or during the meeting. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).) All comments submitted will be included in the record of the meeting. The comments will be read into the record at the meeting, subject to a three-minute time limit per comment.

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

1. Pledge of Allegiance.
2. Roll Call.
3. Accept comments from the public.
4. Approve minutes from the January 13, 2021 meeting.
5. Routine items for February 10, 2021.
  - a. Approve certifications of membership.
  - b. Approve service and disability allowances.
  - c. Accept disability applications and authorize subpoenas as required.
  - d. Approve death benefits.
  - e. Accept travel report.
  - f. Accept asset allocation report.
  - g. Accept liquidity report.

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

6. Consider and take possible action regarding the following disability retirement application and related medical advisor/staff recommendation:

<u>Member</u>	<u>Type Sought</u>	<u>Recommendation</u>
Walter Wong	Service Connected	Service Connected

7. Presentation from PARS (Public Agency Retirement Services) regarding the I.R.C. Section 115 Trust for Other Post-Employment Benefits for CCCERA Employees.

8. CCCERA Operations Update.

9. Consider and take possible action to:

- a. adopt Board of Retirement Resolution 2021-1 to increase the salary ranges by 3% for all unrepresented classifications effective April 1, 2021, with the exception of the Chief Executive Officer.
- b. adopt the CCCERA Position Pay Schedule for unrepresented classifications effective April 1, 2021 which reflects the salary range changes in Board of Retirement Resolution 2021-1.

10. Miscellaneous

- a. Staff Report
- b. Outside Professionals' Report
- c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.



## **AGENDA**

### **RETIREMENT BOARD MEETING**

#### REGULAR MEETING

February 24, 2021, 9:00 a.m.

Due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020, the Board of Retirement shall hold its meeting via teleconferencing. The meeting is accessible telephonically at (669) 900-6833, Webinar ID: 979 6853 0188, Passcode: 906699, or via the web at

<https://zoom.us/j/97968530188?pwd=b3FzTWswKzBqcEt0ZUYzdDd3U2d6QT09> Passcode:906699

**Persons who wish to make public comment may submit their comment to:**

[publiccomment@cccera.org](mailto:publiccomment@cccera.org) on the day of the meeting, either before or during the meeting.

Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).) All comments submitted will be included in the record of the meeting. The comments will be read into the record at the meeting, subject to a three-minute time limit per comment.

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

1. Pledge of Allegiance.
2. Roll Call.
3. Accept comments from the public.
4. Approve minutes from the January 27, 2021 meeting.
5. Presentation from staff and Sit Investment Advisors regarding a potential allocation to Sit LLCAR strategy.
6. Consider and take possible action to approve an investment in Sit LLCAR strategy.
7. Consider and take possible action to authorize the CEO to execute a contract with Milliman for Other Post-Employment Benefits (OPEB) Trust Actuarial Services.

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

8. Review of total portfolio performance for period ending December 31, 2020.
  - a. Presentation from Verus
  - b. Presentation from staff
9. Investment benchmark recommendations.
10. Annual statement of compliance with Board resolutions.
11. Consider authorizing the attendance of Board:
  - a. Siguler Guff's 2021 Annual Conference, April 28-29, 2021, Virtual.  
(Note: Conflict with meeting)
12. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.



## **AGENDA**

### **RETIREMENT BOARD MEETING**

REGULAR MEETING

March 10, 2021, 9:00 a.m.

Due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020, the Board of Retirement shall hold its meeting via teleconferencing. The meeting is accessible telephonically at 669-900-6833, Webinar ID: 948 5981 5106, Passcode: 704217, or via the web at:

<https://zoom.us/j/94859815106?pwd=MXd1cVpYdXRnNDlVd1d4MDFZQlh0QT09> Passcode: 704217

**Persons who wish to make public comment may submit their comment to:**

[publiccomment@cccera.org](mailto:publiccomment@cccera.org) on the day of the meeting, either before or during the meeting.

Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).) All comments submitted will be included in the record of the meeting. The comments will be read into the record at the meeting, subject to a three-minute time limit per comment.

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

1. Pledge of Allegiance.
2. Recognition of Lori Epstein for 10 years of service.
3. Roll Call.
4. Accept comments from the public.
5. Approve minutes from the February 10, 2021 meeting.
6. Routine items for March 10, 2021.
  - a. Approve certifications of membership.
  - b. Approve service and disability allowances.
  - c. Accept disability applications and authorize subpoenas as required.
  - d. Approve death benefits.
  - e. Accept asset allocation report.
  - f. Accept liquidity report.

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

**CLOSED SESSION**

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

<u>Member</u>	<u>Type Sought</u>	<u>Recommendation</u>
a. Graciela Corbett	Non-Service Connected	Non-Service Connected

- 8. CONFERENCE WITH LABOR NEGOTIATOR  
(Government Code Section 54957.6)

Agency designated representative:  
Joe Wiley, CCCERA’s Chief Negotiator

Unrepresented Employee: Chief Executive Officer

- 9. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:
  - a. *CCCERA, et al. v. Valeant Pharms. Int’l, Inc., et al.*, United States District Court, New Jersey (3:17-cv-12088)
- 10. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(2) to confer with legal counsel regarding potential litigation (one case).

**OPEN SESSION**

- 11. Presentation of Semi-Annual Disability Retirement Report.
- 12. Disability retirement process.
- 13. Presentation of the Contra Costa County Library employer audit report.
- 14. Presentation of the Contra Costa Employment and Human Services Department employer audit report.
- 15. Presentation of the Rodeo Sanitary District employer audit report.
- 16. Consider and take possible action to authorize the CEO to acquire additional support hours from CPAS Systems, Inc.
- 17. Consider and take possible action on SACRS voting proxy form.

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

18. Report out from Audit Committee Chair on February 24, 2021 Audit Committee meeting.
19. Consider authorizing the attendance of Board:
  - a. Pension Bridge Annual Conference, May 4-7, 2021, Virtual.  
(Note: Conflict with meeting)
  - b. SACRS Annual Spring Conference, May 11-14, 2021, Virtual.
20. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.



## **AGENDA**

### **RETIREMENT BOARD MEETING**

#### REGULAR MEETING

March 24, 2021, 9:00 a.m.

Due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020, the Board of Retirement shall hold its meeting via teleconferencing. The meeting is accessible telephonically at (669) 900-6833, Webinar ID: 951 7715 8205, Passcode: 801649, or via the web at <https://zoom.us/j/95177158205?pwd=ZkdkQVVpdFJPUHJjSEY2S1pkc0VqQT09> Passcode: 801649

#### **Persons who wish to make public comment may submit their comment to:**

[publiccomment@cccera.org](mailto:publiccomment@cccera.org) on the day of the meeting, either before or during the meeting. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).) All comments submitted will be included in the record of the meeting. The comments will be read into the record at the meeting, subject to a three-minute time limit per comment.

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

1. Pledge of Allegiance.
2. Roll Call.
3. Accept comments from the public.
4. Approve minutes from the February 24, 2021 meeting.

#### **CLOSED SESSION**

5. The Board will go into closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:
  - a. *Wilmot v. CCCERA, et al.*, Court of Appeal, First Appellate District, Division Two, Case No. A152100

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

## **OPEN SESSION**

6. Consider and take possible action to amend the Investment Policy Statement.
7. Consider and take possible action to execute agreement with StoneX Futures Commission Merchant (FCM) for Sit LLCAR Strategy.
8. Consider and take possible action to adopt Board of Retirement Resolution 2021-2 to increase the salary of the Chief Executive Officer by 6.5% and provide a one-time lump sum payment of \$5,000 effective April 1, 2021.
9. Consider and take possible action to adopt Board of Retirement Resolution 2021-3 providing for salary and benefits for unrepresented employees of CCCERA to reflect the new CEO monthly base salary effective April 1, 2021.
10. Consider authorizing the attendance of Board:
  - a. CALAPRS Trustees Roundtable, May 10, 2021, Virtual Program.
  - b. CALAPRS Advanced Principles of Pension Governance for Trustees, June 7, 9 & 11, 2021, Virtual Program. (Note: Conflict with meeting)
11. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.



**RETIREMENT BOARD MEETING MINUTES**

REGULAR MEETING  
February 24, 2021  
9:00 a.m.

The Board of Retirement meeting was accessible telephonically at (669) 900-6833, Webinar ID 979-6853-0188, Passcode 906699 due to the Contra Costa County and State of California Coronavirus (COVID-19) Shelter In Place Orders, and as permitted by Executive Order N-29-20 issued on March 17, 2020.

**1. Pledge of Allegiance**

The Board and staff joined in the *Pledge of Allegiance*.

**2. Roll Call**

Present: Candace Andersen, Donald Finley, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, Reggie Powell, Mike Sloan, Todd Smithey and Belinda Zhu (Deputy Treasurer, present and voting in Treasurer Russell Watts' absence)

Absent: None

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Anne Sommers, Administrative/HR Manager; Henry Gudino, Accounting Manager; Tim Hoppe, Retirement Services Manager; and Jasmine Lee, Member Services Manager

Outside Professional Support: Representing:

Bryce Doty	Sit Investment Advisors
John Gibas	Sit Investment Advisors
Mark Book	Sit Investment Advisors
Chris Rasmussen	Sit Investment Advisors
Scott Whalen	Verus Consulting
John R. Botsford	Milliman, Inc.

**3. Accept comments from the public**

No member of the public offered comment.

**4. Approval of Minutes**

It was **M/S/C** to approve the minutes from the January 27, 2021 Board meeting. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

**5. Presentation from staff and Sit Investment Advisors regarding a potential allocation to Sit LLCAR strategy**

Price provided an overview of the goals of the risk diversifying sub-portfolio. Taylor reviewed the research process and presented the recommendation.

Gibas provided an overview of the firm. Doty presented the Risk-Diversifying Strategy and Book reviewed the Taxable Municipal Strategy. Rasmussen reviewed the Closed-End Mutual Funds and Doty presented the investment process.

**6. Consider and take possible action to approve an investment in Sit LLCAR strategy**

It was **M/S/C** to approve an investment in the Sit Investment Associates Liquid Low Correlation Absolute Return Strategy. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

**7. Consider and take possible action to authorize the CEO to execute a contract with Milliman for Other Post-Employment Benefits (OPEB) Trust Actuarial Services**

It was **M/S/C** to authorize the CEO to execute a contract with Milliman, Inc. for OPEB Trust Actuarial Services for the six fiscal years 2020-2025. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

It was the consensus of the Board to move to Item 10.

**10. Annual Statement of Compliance with Board Resolutions**

Price presented the Annual Statement of Compliance with Board Resolutions.

**8. Review of total portfolio performance for period ending December 31, 2020**

a. Presentation from Verus

Whalen reviewed the economic climate for the fourth quarter of 2020 and CCCERA's investment fund performance for the period ending December 31, 2020.

b. Presentation from staff

Price reviewed CCCERA's sub-portfolios.

**9. Investment benchmark recommendations**

Whalen reviewed the framework on evaluating benchmarks and CCCERA's investment policy index, including recommended changes to the benchmarks shown quarterly in the Verus report

**11. Consider authorizing the attendance of Board:**

- a. It was **M/S/C** to authorize the attendance of 3 Board members at the Siguler Guff's 2021 Annual Conference, April 28-29, 2021, Virtual. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

**12. Miscellaneous**

- (a) Staff Report –

Stroh reported CCCERA will be having two Virtual Pre-Retirement Workshops for members in March.

- (b) Outside Professionals' Report -

None

- (c) Trustees' comments –

Phillips reported he attended the Sit Investment Client Conference.

It was **M/S/C** to adjourn the meeting. (Yes: Andersen, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Zhu)

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Todd Smithey, Chairman

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David MacDonald, Secretary

# Memorandum

Meeting Date  
**03/24/2021**  
Agenda Item  
**#6**

**To:** Board of Trustees, Contra Costa County Employees' Retirement Association  
**From:** Scott J. Whalen, CFA, CAIA, Executive Managing Director | Senior Consultant  
**Date:** March 24, 2021  
**Re:** Amendments to Investment Policy Statement

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## Introduction

Updating the Investment Policy Statement ("IPS") was recognized as one of the key implementation steps to be completed following the Board decision late last year to adjust the strategic asset allocation ("SAA"). We have completed our review of the IPS and identified appropriate adjustments, which fall into three categories:

1. Liquidity sub-portfolio allocation;
2. Staff investment authority; and
3. General improvement opportunities.

The adjustments described below in additional detail have been reviewed by CCCERA's investment staff, internal legal department, and external fiduciary counsel. Red-lined version and final versions of the updated IPS are included as part of this agenda item to facilitate Board review.

## Liquidity Sub-Portfolio

Adjustments to the language describing the allocation to the liquidity sub-portfolio were straightforward and only required in four places within Section 6, Investment Strategy. Specifically, the target allocation was changed to 36 months of projected benefit payments from 48 months with a minimum of 18 months during market corrections. Additionally, the expected allocation range was also reduced by 12 months to 24-36 months from 36-48 months.

## Staff Investment Authority

When the SAA was originally approved five years ago, the investment portfolio totaled just over \$7 billion, and the target allocation to private market assets was 32% or just over \$2 billion. Five years on, total assets have grown to more than \$10 billion, and the private markets target

allocation has increased to 41% or more than \$4 billion. In light of this growth, we recommend increasing investment staff authority for investments from the original limit of \$100 million to \$250 million. We believe this increase reasonably reflects the increased assets dedicated to private market investments and Staff's demonstrated ability to effectively manage implementation since program inception.

In addition to the increased authority, we recommend the metric by which the authority limits are measured change from committed capital to committed but undrawn capital. Such an adjustment will increase Staff's ability to manage to desired investment levels given the uncertain timing of the cash flows that results from capital calls and distributions. Reporting language has also been formalized in the IPS to ensure the Board is able to effectively monitor compliance with the increased authority limits.

### **General Improvement Opportunities**

We also conducted a general review of the IPS and identified several opportunities to clarify or streamline the document. These minor adjustments can be found interspersed throughout the document.

# Contra Costa County Employees' Retirement Association Investment Policy Statement

Adopted: January 14, 1986

Restated: September 28, 2016

~~Amended: April 24, 2019~~

Amended: March 24, 2021

# CCCERA INVESTMENT POLICY STATEMENT

## TABLE OF CONTENTS

<b>1.</b>	<b>PURPOSE .....</b>	<b>1</b>
<b>2.</b>	<b>AUTHORITY .....</b>	<b>1</b>
<b>3.</b>	<b>GOVERNANCE .....</b>	<b>2</b>
	<b>A. ROLES AND RESPONSIBILITIES .....</b>	<b>2</b>
	1. Board of retirement .....	2
	2. Staff .....	3
	3. General investment consultant .....	3
	4. Specialty investment consultants.....	3
	5. Investment managers.....	4
	6. Custodian bank.....	4
	<b>B. DELEGATION OF AUTHORITY.....</b>	<b>4</b>
	1. Rebalancing.....	5
	2. Investment portfolio management.....	5
<b>4.</b>	<b>INVESTMENT PHILOSOPHY.....</b>	<b>8</b>
<b>5.</b>	<b>INVESTMENT OBJECTIVES .....</b>	<b>9</b>
<b>6.</b>	<b>INVESTMENT STRATEGY .....</b>	<b>9</b>
	<b>A. ASSET ALLOCATION .....</b>	<b>9</b>
	<b>B. FUNCTIONAL SUB-PORTFOLIOS.....</b>	<b>10</b>
	1. Liquidity sub-portfolio .....	10
	2. Growth sub-portfolio.....	10
	3. Diversifying sub-portfolio.....	11
	4. Interaction between the functional sub-portfolios.....	11
	<b>C. INVESTMENT STRATEGY ATTRIBUTES.....</b>	<b>12</b>
<b>7.</b>	<b>RISK PHILOSOPHY.....</b>	<b>12</b>
<b>8.</b>	<b>PORTFOLIO MONITORING.....</b>	<b>13</b>
	<b>APPENDIX 1: REFERENCED INCORPORATED DOCUMENTS .....</b>	<b>14</b>

# CCCERA INVESTMENT POLICY STATEMENT

## Contra Costa County Employees' Retirement Association Investment Policy Statement

Adopted: January 14, 1986

Restated: September 28, 2016

Amended: ~~April~~ March 24, 201921

AMENDED: 1/14/86, 2/27/86, 10/13/87, 8/9/88, 6/13/89, 8/8/89, 1/8/91, 10/13/92,  
2/9/93, 5/2/94, 10/14/97, 5/4/99, 1/9/01, 2/12/02, 06/11/02, 11/06/02, 1/28/04, 5/26/04,  
7/28/04, 12/14/05, 10/24/07, 4/08/09, 10/30/13, 9/28/16, 4/24/19, 3/24/21

The Contra Costa County Employees' Retirement Association (CCCERA) is a public employee retirement system that was established by the County of Contra Costa on July 1, 1945. CCCERA is administered by the CCCERA Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for county employees and sixteen other participating agencies under the County Employees Retirement Law of 1937, California Government Code Section 31450 *et. seq.* (CERL), the California Public Employees' Pension Reform Act of 2013, California Government Code Section 7522 *et. seq.* (PEPRA) and other applicable laws.

### 1. PURPOSE

CCCERA has established an investment program (Investment Program) designed to provide sufficient assets in a timely manner to pay the benefits due to participants today and in the future, over the long-term. The purpose of this Investment Policy Statement (IPS) is to establish the policies that will guide the Investment Program. This IPS is intended to provide guidance to the Board and to its delegates, the Staff, and third-party professionals. This IPS is supported by the Board's Investment Resolutions, the Investment Procedures (Procedures), and Board policies that reflect the needs of the defined benefit plan (Plan) that the Board administers. The Investment Resolutions, policies and other Board documents identified in Appendix 1 hereto are incorporated into this IPS and made a part hereof by this reference.

### 2. AUTHORITY

The Investment Program shall be managed in accordance with applicable law, including but not limited to the following:

- The assets of the Plan are trust funds and shall be held for the exclusive purposes of providing benefits to the participants in the Plan and their beneficiaries and defraying reasonable expenses of administering the Plan (Cal. Const. art. XVI, sec. 17(b); Cal. Govt. Code sec. 31595).

## CCCERA INVESTMENT POLICY STATEMENT

- The board and its officers and employees shall discharge their duties with respect to the system:
    - (a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
    - (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
    - (c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.
- (Cal. Const. art. XVI sec. 17(b), (c) and (d); Cal. Gov. Code Sec. 31595 (a), (b) and (c)).

### 3. GOVERNANCE

The Board hereby adopts a governance model whereby specific authority, responsibility, and accountability are either retained by the Board or delegated to others based on areas of expertise and appropriate oversight. The Board retains sole responsibility governing the Plan, setting investment policy, and monitoring the Investment Program. It may choose to delegate specific areas of responsibility provided it retains appropriate oversight of the delegated activity.

#### A. Roles and Responsibilities

##### 1. BOARD OF RETIREMENT

The Board maintains the sole and plenary authority and fiduciary responsibility for the Investment Program. The Board also understands it may delegate certain responsibilities under the Investment Program for purposes of administrative efficiency and expertise. The areas of the Investment Program the Board may not delegate include:

- The governance model of the Investment Program
- Establishing and maintaining investment policy, including:
  - Investment philosophy
  - This IPS
  - Investment objectives
  - Strategic asset allocation
  - Allocation-level performance benchmarks
  - Risk philosophy
- Engaging Board consultants and service providers
- Monitoring the Investment Program

## CCCERA INVESTMENT POLICY STATEMENT

### 2. STAFF

CCCERA Staff (Staff), including the Chief Executive Officer (CEO) and Chief Investment Officer (CIO), is broadly responsible for supporting the Board in the effective execution of the Investment Program. The CEO provides general direction and supervision to the CIO. The CEO and the CIO have been delegated authority to execute specific elements of the Investment Program as outlined herein, ~~including as well as in~~ the Investment Resolutions. The CEO has the authority to execute and terminate contracts between CCCERA and investment managers or other service providers as approved by the Board. The CIO has the authority to rebalance the portfolio under Section 3.B.1. of this IPS. The CIO also has the authority to manage the investment managers within the Plan under Section 3.B.2 of this IPS.

### 3. GENERAL INVESTMENT CONSULTANT

The General Investment Consultant (Consultant) is engaged by the Board to provide independent, objective investment advice. The Consultant is and shall agree to be a fiduciary to the Plan under California law. The Consultant works with Staff in the development of recommendations while recognizing its fiduciary duty is to provide prudent investment advice to the Board. The Consultant provides advice without discretionary authority to execute on its advice. The specific duties of the Consultant are contained in an Agreement for Professional Investment Consulting Services, and generally include providing advice with respect to:

- Investment strategy development and implementation
- Investment policy development
- Asset allocation among classes and subclasses
- Investment manager selection, evaluation, and termination
- Investment performance monitoring
- Investment risk monitoring
- Capital markets projections
- Coordination with the Plan's actuary in conducting periodic asset/liability studies and other required reporting
- Board education

### 4. SPECIALTY INVESTMENT CONSULTANTS

Specialty consultants may be hired by the Board to work with Staff, the Consultant, and/or the Board. These will typically be asset class consultants (e.g., real estate, private equity, hedge funds) that may operate on a discretionary or non-discretionary basis, as directed by the Board, to meet the objectives of the Investment Program.

## CCCERA INVESTMENT POLICY STATEMENT

### 5. INVESTMENT MANAGERS

CCCERA engages Investment Managers to invest and manage CCCERA's assets; in accordance with this IPS, the manager's mandate, governing contractual documents and applicable state and federal laws and regulations. The Board has delegated the authority to CCCERA's Chief Investment Officer, on the advice of legal counsel, to negotiate terms of engagement with Investment Managers so as to assure that CCCERA's interests are appropriately furthered and Investment Managers observe a fiduciary standard of care. At a minimum, Investment Managers (and any affiliated General Partners) will be required to comply with all applicable state and federal laws and regulations. Investment Managers shall be registered investment advisors under the federal Investment Advisors Act of 1940, unless expressly exempted from registration.

Subject to this IPS and any specific contractual obligations to the Plan, Investment Managers are responsible for making all investment decisions on a discretionary basis regarding assets placed under their jurisdiction and will be accountable for achieving their investment objectives. Such discretion shall include decisions to buy, hold, and sell assets in amounts and proportions that are reflective of the agreed-upon investment mandate.

### 6. CUSTODIAN BANK

The Custodian Bank, selected by the Board to act as the principal custodian of assets of the trust, is delegated the responsibility of holding the assets and evidence of interests owned by CCCERA in investment vehicles and cash (and equivalents). The Board may authorize the Custodian Bank to invest in temporary short-term fixed income investments both for the investment strategies and as a part of the cash portion of Plan assets. Such investments will be managed in general accordance with short-term fixed income investment guidelines as detailed in the Custodial Agreement. Cash managed for investment strategies shall be considered to be sub-portions of the assets managed by the directing Investment Managers.

The Custodian Bank shall be authorized to conduct a securities lending program within liquidity and risk constraints as established by the Board.

### **B. Delegation of Authority**

The Board has delegated authority to the CIO for certain functions as detailed below. Delegation of authority will be coordinated with workflow, compliance and reporting procedures that are clearly defined, reviewed, and approved. This IPS is used to describe the delegation of authority generally with the Investment Resolutions providing additional requirements and processes. The Board shall be notified in a timely manner of all investment decisions made by the CIO and their implications to the Plan.

# CCCERA INVESTMENT POLICY STATEMENT

## 1. REBALANCING

The Board recognizes there may be a cost to maintaining strict adherence to a target asset allocation in terms of both transaction costs and opportunity costs. The Board also recognizes that the benefit of cost minimization must be balanced against the assumption of active risk associated with allowing variances to asset allocation targets.

The CIO is delegated the authority to conduct portfolio rebalancing in order to meet two distinct objectives. The first is to maintain the long-term strategic asset allocation targets approved by the Board. The second is to capture valuation-based opportunities by deviating from the long-term strategic asset allocation targets within Zones 1 and 2 as follows:

### i. Zone 1

The CIO may periodically rebalance the portfolio within Zone 1 ranges as set forth in the Investment Resolutions. When such rebalancing activity occurs, the CIO shall notify the Board at the next regularly scheduled meeting.

### ii. Zone 2

With prior approval of the Board, the CIO may rebalance the portfolio within Zone 2 ranges as set forth in the Investment Resolutions. When such rebalancing activity occurs, the CIO shall notify the Board at the next regularly scheduled meeting.

For each of the zones listed above, special consideration will be given to illiquid asset classes recognizing that their funding and redemption processes are different than those of the liquid asset classes. As such, each illiquid asset class is assigned a liquid asset class to function as a holding place while the corresponding illiquid strategies are being invested.

Portfolio rebalancing may occur by adjusting allocations to individual investment strategies or managers or through the use of an overlay provider using derivatives.

## 2. INVESTMENT PORTFOLIO MANAGEMENT

While the Board believes the vast majority of investment return over the long term is dependent on the asset allocation decision and ongoing due diligence, it recognizes additional risk and return may be generated by how the asset allocation is implemented. These implementation decisions will largely be delegated to the CIO to be executed within the parameters established in the Investment Resolutions.

### i. Hiring a new manager

The CIO shall have the authority to hire new managers (i.e., purchase interests in new investment vehicles) ~~in accordance with the Plan's active risk budget and up~~ to an investment amount of ~~\$250400~~ million, subject to the remaining terms of

## CCCERA INVESTMENT POLICY STATEMENT

this IPS. The ~~\$250~~ million shall represent the cumulative total amount of ~~originally~~ committed but undrawn capital under the management of a single investment manager and its affiliates. (By way of example, ~~two vintage year funds under one manager with a commitment of \$50 million each would reach the total of \$100 million~~ an investment manager with a commitment of \$250 million and capital called to-date totaling \$100 million would allow for an additional \$150 million investment in a follow-on fund in the same series.) The CEO shall have authority to execute the contracts, consistent with the delegation of authority outlined in this IPS. Any cumulative committed ~~ment~~ but undrawn investment amount above ~~\$250~~ million shall require explicit Board approval. The CIO shall report hiring decisions to the Board once all contracting documentation has been finalized.

~~In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Procedures and other Plan policy documents, including but not limited to the Code of Fiduciary Conduct and Ethics, Conflict of Interest Code, Placement Agent Disclosure Policy and Procurement of Products and Services Policy.~~

Subject to the foregoing limitations, the CIO, with the assistance of Staff, the Consultant, and Specialty Consultants, shall be responsible for conducting all due diligence activities in connection with hiring new managers. ~~The CIO shall invite the involvement of one or more Board members in the due diligence process. Board members may participate at any point in the due diligence process, as appropriate and upon request.~~

Quiet period. During the process of hiring a new manager, a quiet period will apply during the evaluation process, during which time no Board member may knowingly have any communication with any actual or potential candidate for the mandate, unless authorized by the Board in connection with the due diligence process in selecting managers. The quiet period shall cease upon the Board entering into a contract with the Investment Manager(s) selected for the mandate. The CIO is responsible for alerting the candidates and the Board to the commencement and duration of the quiet period and its restrictions. A violation of the quiet period rule may result in disqualification of the candidate or other appropriate Board action. Board members may observe the due diligence process after being notified of the quiet period, as appropriate and upon request.  
~~Investing in a new closed-end fund with an existing manager~~

~~In the case of closed-end funds with a limited investment lifecycle, additional investments are periodically required to maintain asset allocation targets. For such follow on investments, Staff shall have the authority to make additional investments in an amount necessary to maintain the intended exposure, as~~

## CCCERA INVESTMENT POLICY STATEMENT

~~estimated by a detailed funding analysis. Any additional investment beyond that which is required to maintain the intended exposure must be pre-approved by the Board.~~

~~In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Procedures and other Plan policy documents (e.g., Procurement of Products and Services Policy, Placement Agent Disclosure Policy, Conflict of Interest Code).~~

In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Procedures and other Plan policy documents, including but not limited to the Code of Fiduciary Conduct and Ethics, Conflict of Interest Code, Placement Agent Disclosure Policy and Procurement of Products and Services Policy.

### ii. Terminating existing managers

The Board recognizes investments may need to be adjusted or removed from the Plan portfolio from time to time for a variety of reasons, including:

- Organizational changes including those to the people and processes in place
- A manager's style has deviated from the initial investment thesis
- A manager's style, strategy, ethics, or philosophy is no longer appropriate for the Investment Program
- Underperformance relative to benchmark or other expectations
- Uncompetitive pricing compared to available alternatives

The CIO shall have the authority to terminate investment managers. Absent emergency circumstances (described below), prior to terminating a manager, the CIO shall present a detailed termination memo to the Board that includes:

- Purpose of the mandate
- Reason(s) for termination
- Specific plan to replace or temporarily invest the assets

Although the Board's explicit approval is not required, it shall maintain veto authority should a majority of the Board decide the planned termination is not in the best interest of the Plan.

Emergency termination. An emergency will be deemed to exist when an investment strategy suffers the resignation or other loss of its portfolio manager(s) and no appropriate replacement is available; when an investment management firm dissolves, ceases to exist, or is otherwise incapable of carrying out its activities in the ordinary course of its business; when an investment management firm is actually or effectively shut down by a regulatory agency of a state or the Federal government or is accused of theft or fraud by a regulatory agency or other government body; when the Plan's investment is in jeopardy of material loss; or

## CCCERA INVESTMENT POLICY STATEMENT

when such other developments with the investment management firm give concern to the CIO that the investment is no longer prudent for the Investment Program. Staff shall take action to transfer management of the affected investment strategy as soon as possible after CCCERA learns of the emergency. In the case of an emergency, the CEO, or in the CEO's absence, the Deputy CEO or the CIO will attempt to notify the Chair and Vice Chair of the Board immediately; notify the Custodian Bank that the Investment Manager's Managed Account is to be frozen and, except for those trades which are pending, no further trading is authorized; and may call a special meeting of the Board to take further action.

# CCERA INVESTMENT POLICY STATEMENT

## 4. INVESTMENT PHILOSOPHY

The Investment Philosophy represents the foundational principles on which the Investment Program is based. Every investment decision should be made with these foundational principles in mind to promote the fulfillment of the fiduciary obligations. The statements below set forth the Board's Investment Philosophy:

### **Plan objectives should guide all decision making**

The Investment Program is designed to provide benefits to participants over a long term without accepting undue risks that could be detrimental to the participants or Plan sponsors. The Investment Program, therefore, must be managed in a prudent manner recognizing the relationships between the benefits promised to participants and their beneficiaries, the financial health of the Plan sponsors, and the exposures within the Investment Program.

### **Asset allocation drives portfolio volatility and returns**

It is impossible to accurately and consistently predict the future; therefore, the Plan is required to be prudently diversified across and within asset classes in anticipation of various economic conditions. In a well-diversified portfolio, the overall volatility of investment returns is principally driven by the asset allocation and secondarily driven by the individual investment strategies. As such, asset allocation is the primary tool by which the Board can manage the expected risk/return profile of the Plan.

### **Short-term investing**

Over shorter investment periods of up to five (5) years, volatility can be more detrimental to the success of the Investment Program. Because paying benefits to participants and their beneficiaries occurs continuously, the forced selling of assets during broad market corrections to meet these payments could result in the long-term impairment of investable capital. By maintaining a portion of the portfolio invested in low-volatility, highly liquid securities and investment strategies, the Investment Program will be able to mitigate or avoid the forced selling of assets during broad market corrections.

### **Long-term investing**

Over longer investment periods, volatility can be managed more effectively to produce beneficial results for the Investment Program. Market corrections will occur and when they do, patient and well-capitalized investors are able to wait until the market recovery takes place. Additionally, broad market corrections have historically provided investment opportunities for those with available capital and the foresight to make additional investments.

### **Fees**

Fees directly impact the investment results of the Investment Program but are necessary to appropriately compensate the investment management of the Investment Program. Fees

## CCERA INVESTMENT POLICY STATEMENT

must, therefore, be measured closely against the value the Investment Program expects to earn and aligned to ensure incentives are consistent with the objectives of the Plan.

### 5. INVESTMENT OBJECTIVES

The investment objectives of the Investment Program are:

- To provide liquidity to meet retiree benefit payments in a timely manner;
- To produce long-term real growth to meet future retiree benefit payments and maintain a funding surplus or closing a funding gap over time; and
- To protect the assets against the adverse impacts of ~~rising inflation and~~ investment market volatility.

Investment objectives specific to the individual investment strategies are further defined in the Board's Investment Strategy portion of this IPS.

### 6. INVESTMENT STRATEGY

The Board has chosen to employ an investment strategy that seeks to align the Investment Program with the investment objectives listed in Section 5 of this IPS. The strategy divides the portfolio into three functional sub-portfolios—Liquidity, Growth, and Diversifying—to address each investment objective highlighted in Section 5. The Liquidity Sub-portfolio is dedicated to funding near-term benefit payments. It is joined with the longer-term Growth Sub-portfolio, as well as the Diversifying Sub-portfolio, which is intended to offset some of the investment risks embedded in the Growth Sub-portfolio. While the three sub-portfolios are aligned with the investment objectives individually, collectively they allow the Investment Program to provide appropriate risk and return characteristics.

#### A. Asset Allocation

The Board has adopted a strategic asset allocation based on the Plan's projected actuarial liabilities, liquidity needs, risk tolerance and the risk/return expectations for various asset classes. This asset allocation seeks to optimize long-term returns for the level of risk the Board considers appropriate. The current asset allocation table may be found in the Asset Allocation Investment Resolution.

Since projected liability and risk/return expectations will change over time, the Board will conduct a periodic review of the strategic asset allocation to maintain an expected optimal allocation. The Board may also revise the asset allocation in response to significantly changing conditions that have affected valuations and forward-looking expected returns of asset classes. The Board will review capital market expectations annually. The result of this review will be used to update the Investment Resolutions as needed.

# CCCERA INVESTMENT POLICY STATEMENT

## B. Functional Sub-portfolios

As noted previously, the investment strategy for the Investment Program employs three functional sub-portfolios to construct the comprehensive asset allocation. The allocation to the Liquidity Sub-portfolio is assessed annually and is based on the projected benefit payments and expenses of the Plan. The remaining assets are invested in the Growth and Diversifying sub-portfolios. Annually the Board shall review the relative size and composition of these sub-portfolios and revise them as necessary through Investment Resolutions. The functional sub-portfolios are set forth below:

### 1. LIQUIDITY SUB-PORTFOLIO

The purpose of the Liquidity Sub-portfolio is to ensure adequate assets are available to pay benefits over an extended timeframe as outlined in the Investment Resolutions. The Board has established a target allocation amount of ~~3648~~ months' worth of projected benefit payments in the Liquidity Sub-portfolio, which will be drawn down and replenished annually. The assets will be invested in highly liquid, low volatility securities expected to generate modest levels of return while preserving capital throughout a market cycle. This portfolio ~~will~~may contain assets such as cash, short-term bonds, laddered government bonds, derivatives, and other investments that provide fixed, contractual cash flows with ~~an appropriate minimum~~ level of credit risk. As a secondary purpose, a portion of the Liquidity Sub-portfolio may be allocated to the Growth Sub-portfolio during broad market corrections so long as at least ~~1824~~ months of projected benefit payments and expenses are maintained in the Liquidity Sub-portfolio.

The success of the Liquidity Sub-portfolio will be measured by its ability to directly fund benefit payments through low-risk, cash flowing investments, as well as providing a stable offset to the rest of the portfolio during periods of severe market stress.

### 2. GROWTH SUB-PORTFOLIO

The purpose of the Growth Sub-portfolio is to grow invested assets over the long term in order to pay future benefits. ~~Assets from the Growth Sub-portfolio may be sold over time and transferred to the Liquidity Sub-portfolio as needed.~~ This portfolio is characterized by a long investment horizon and can, therefore, accept a higher level of volatility. Assets in this portfolio may be volatile, have reduced liquidity, and derive the bulk of their return from capital appreciation. These assets include public and private equity, corporate and other debt with credit risk premiums, private real estate, and other private assets.

The success of this portfolio will be measured primarily by compounded annual growth rates in conjunction with the annualized standard deviation of returns as the

## CCCERA INVESTMENT POLICY STATEMENT

primary measure of risk. Performance evaluation will, therefore, focus on the long-term total risk-adjusted return of the portfolio.

### 3. DIVERSIFYING SUB-PORTFOLIO

The purpose of the Diversifying Sub-portfolio is to offset the investment risk of the Growth Sub-portfolio. Investment strategies in the Diversifying Sub-portfolio are expected to have return profiles that have a low correlation to those in the Growth Sub-portfolio. This is expected to effectively dampen the market volatility across the entire portfolio. As a secondary objective, the investment strategies in the Diversifying Sub-portfolio will offer additional sources of return to those in the Liquidity and Growth sub-portfolios. ~~Assets in the Diversifying Sub-portfolio may be sold during times of market stress or when the assets in the Growth Sub-portfolio are impaired in order to fund the Liquidity Sub-portfolio.~~

The success of the Diversifying Sub-portfolio will be measured by its ability to offset declines in value in the Growth Sub-portfolio, as well as its ability to provide liquidity during times of market stress.

### 4. INTERACTION BETWEEN THE FUNCTIONAL SUB-PORTFOLIOS

The allocations to the Liquidity, Growth, and Diversifying sub-portfolios will vary over time. The Liquidity Sub-portfolio will operate as a drawdown vehicle to pay benefits and expenses. The Growth and Diversifying sub-portfolios will be subject to the volatility of the markets in which each functional sub-portfolio invests. In order to reallocate between the functional sub-portfolios, the Board will conduct two annual reviews: an annual capital review to assess the relative value and risks associated with each asset class; and an annual funding plan to determine how to replenish the Liquidity Sub-portfolio.

Annually the CIO and Consultant jointly shall deliver a review of the capital markets to the Board. The Consultant will provide the Board current forward-looking risk and return assumptions for all major asset classes. In conjunction with this review, the CIO will provide a recommendation of how best to allocate assets within each functional sub-portfolio. If necessary, the CIO will recommend changes in target allocations to the underlying asset classes in order to deploy the Investment Program's assets effectively in the upcoming year.

Additionally and subsequent to the capital markets review, the CIO will present an annual funding plan, which will provide a recommendation of how best to replenish the Liquidity Sub-portfolio for the next projected 3648 months of benefits payments and expenses. The CIO will provide a monthly report to the Board on the progress of funding the Liquidity Sub-portfolio through a combination of harvesting income from the Growth and Diversifying sub-portfolios, asset sales in the Growth and/or

## CCCERA INVESTMENT POLICY STATEMENT

Diversifying sub-portfolios or the use of contributions. Under normal market conditions, the balance in the Liquidity Sub-portfolio is expected to vary between ~~2436~~ and ~~3648~~ months of projected benefit payments and expenses.

### C. Investment Strategy Attributes

All investment strategies, whether currently used by the Investment Program or being considered for inclusion in the Investment Program, will be evaluated on their own unique risk and return characteristics, as well as their contribution to the overall Investment Program's risk and return characteristics. Other risks pertaining to the individual investment strategies and/or the firm managing the strategy will also be considered.

Fees and expenses of the investment strategies will be closely evaluated against competitive strategies and the value provided for the services rendered. While lower fees are clearly preferred over higher fees, the Plan seeks to identify investment strategies capable of providing value for participants by generating net-of-fee investment returns in excess of benchmark returns ~~plus fees~~. Fee structures will be evaluated to ensure appropriate incentives are provided to achieve the desired outcomes for the Investment Program.

## 7. RISK PHILOSOPHY

The Board recognizes ~~that~~ the assumption of investment risk is necessary to meet the Plan's objectives. Investment risk is viewed as both the annualized standard deviation of investment returns (volatility) and drawdown exposure. Drawdown exposure measures the expected investment loss during a market correction. Additional sources of risk include regulatory, governmental, counterparty, environmental, social and currency. Investment risk, in and of itself, is intrinsically neither good nor bad; it is a condition accepted in the pursuit of investment returns. The goal in managing investment risk is to ensure ~~that~~ an acceptable level of risk is being taken at the total Plan portfolio level. To accomplish this goal, the Plan invests in broad asset classes, via specific investment strategies within those asset classes, which have desirable expected return, risk, and correlation characteristics. While the individual strategies have a wide range of risk and return characteristics, the correlations between the strategies allows for effective portfolio diversification.

The approach used in constructing the portfolio further focuses on the risk characteristics by ensuring the preservation of the Liquidity Sub-portfolio assets as detailed previously in this IPS. Because these assets are invested in lower risk and lower return investments, the assets are well protected. This then allows for the Growth Sub-portfolio to assume greater investment risk in pursuit of higher expected returns. The Diversifying Sub-portfolio then offsets a portion of the investment risk embedded in the Growth Sub-portfolio to protect against drawdown risks.

## CCCERA INVESTMENT POLICY STATEMENT

### 8. PORTFOLIO MONITORING

In discharging its fiduciary duty to prudently manage the Investment Program, the Board has developed the following structure for ongoing monitoring of existing investment managers. Reporting processes are, therefore, designed to provide the Board with the information needed to execute this oversight function. Accurate, timely, and clear reporting to the Board of the Plan's assets, investment risks and returns, portfolio costs, and investment decisions are essential to assisting the Board in discharging its fiduciary duties.

The CIO and General Investment Consultant will monitor individual investment managers' performance quarterly and annually. The managers' organizations and operations will be qualitatively monitored on a continual basis.

The General Investment Consultant will present a portfolio investment performance report to the Board on a quarterly basis. Performance will be measured for the total portfolio as well as sub-portfolios and individual portfolios. Each investment manager shall have a clear role within the total fund. The quarterly report will highlight any variance from that role.

The CIO, with the assistance of the General Investment Consultant and Specialty Consultants, shall conduct periodic on-site due diligence review activities in connection with evaluating managers. ~~The CIO shall invite the involvement of one or more Board members in the due diligence process.~~ Additionally, the Board may from time to time determine that it is in the best interest of the participants and beneficiaries for one or more Board members to visit the offices of an investment manager, in order to further the Board members' understanding of the manager's strategy and its role in the CCCERA portfolio.

# CCCERA INVESTMENT POLICY STATEMENT

## APPENDIX 1: REFERENCED INCORPORATED DOCUMENTS

The documents referenced in the Investment Policy Statement are listed below and incorporated by reference into this IPS:

- CCCERA Board Investment Resolutions
- Placement Agent Disclosure Policy
- Code of Fiduciary Conduct and Ethics
- Conflict of Interest Code
- Procurement of Products and Services Policy
- Other Investment-Related Board Actions

# Contra Costa County Employees' Retirement Association Investment Policy Statement

Adopted: January 14, 1986

Restated: September 28, 2016

Amended: March 24, 2021

# CCCERA INVESTMENT POLICY STATEMENT

## TABLE OF CONTENTS

<b>1.</b>	<b>PURPOSE .....</b>	<b>1</b>
<b>2.</b>	<b>AUTHORITY .....</b>	<b>1</b>
<b>3.</b>	<b>GOVERNANCE .....</b>	<b>2</b>
	<b>A. ROLES AND RESPONSIBILITIES .....</b>	<b>2</b>
	1. Board of retirement .....	2
	2. Staff .....	3
	3. General investment consultant .....	3
	4. Specialty investment consultants.....	3
	5. Investment managers.....	4
	6. Custodian bank.....	4
	<b>B. DELEGATION OF AUTHORITY.....</b>	<b>4</b>
	1. Rebalancing.....	5
	2. Investment portfolio management.....	5
<b>4.</b>	<b>INVESTMENT PHILOSOPHY.....</b>	<b>8</b>
<b>5.</b>	<b>INVESTMENT OBJECTIVES .....</b>	<b>9</b>
<b>6.</b>	<b>INVESTMENT STRATEGY .....</b>	<b>9</b>
	<b>A. ASSET ALLOCATION .....</b>	<b>9</b>
	<b>B. FUNCTIONAL SUB-PORTFOLIOS.....</b>	<b>10</b>
	1. Liquidity sub-portfolio .....	10
	2. Growth sub-portfolio.....	10
	3. Diversifying sub-portfolio.....	11
	4. Interaction between the functional sub-portfolios.....	11
	<b>C. INVESTMENT STRATEGY ATTRIBUTES.....</b>	<b>12</b>
<b>7.</b>	<b>RISK PHILOSOPHY.....</b>	<b>12</b>
<b>8.</b>	<b>PORTFOLIO MONITORING.....</b>	<b>13</b>
	<b>APPENDIX 1: REFERENCED INCORPORATED DOCUMENTS .....</b>	<b>14</b>

# CCCERA INVESTMENT POLICY STATEMENT

## Contra Costa County Employees' Retirement Association Investment Policy Statement

Adopted: January 14, 1986

Restated: September 28, 2016

Amended: March 24, 2021

AMENDED: 1/14/86, 2/27/86, 10/13/87, 8/9/88, 6/13/89, 8/8/89, 1/8/91, 10/13/92,  
2/9/93, 5/2/94, 10/14/97, 5/4/99, 1/9/01, 2/12/02, 06/11/02, 11/06/02, 1/28/04, 5/26/04,  
7/28/04, 12/14/05, 10/24/07, 4/08/09, 10/30/13, 9/28/16, 4/24/19

The Contra Costa County Employees' Retirement Association (CCCERA) is a public employee retirement system that was established by the County of Contra Costa on July 1, 1945. CCCERA is administered by the CCCERA Board of Retirement (Board) to provide service retirement, disability, death, and survivor benefits for county employees and sixteen other participating agencies under the County Employees Retirement Law of 1937, California Government Code Section 31450 *et. seq.* (CERL), the California Public Employees' Pension Reform Act of 2013, California Government Code Section 7522 *et. seq.* (PEPRA) and other applicable laws.

### 1. PURPOSE

CCCERA has established an investment program (Investment Program) designed to provide sufficient assets in a timely manner to pay the benefits due to participants today and in the future, over the long-term. The purpose of this Investment Policy Statement (IPS) is to establish the policies that will guide the Investment Program. This IPS is intended to provide guidance to the Board and to its delegates, the Staff, and third-party professionals. This IPS is supported by the Board's Investment Resolutions, the Investment Procedures (Procedures), and Board policies that reflect the needs of the defined benefit plan (Plan) that the Board administers. The Investment Resolutions, policies and other Board documents identified in Appendix 1 hereto are incorporated into this IPS and made a part hereof by this reference.

### 2. AUTHORITY

The Investment Program shall be managed in accordance with applicable law, including but not limited to the following:

- The assets of the Plan are trust funds and shall be held for the exclusive purposes of providing benefits to the participants in the Plan and their beneficiaries and defraying reasonable expenses of administering the Plan (Cal. Const. art. XVI, sec. 17(b); Cal. Govt. Code sec. 31595).

## CCCERA INVESTMENT POLICY STATEMENT

- The board and its officers and employees shall discharge their duties with respect to the system:
    - (a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
    - (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
    - (c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.
- (Cal. Const. art. XVI sec. 17(b), (c) and (d); Cal. Gov. Code Sec. 31595 (a), (b) and (c)).

### 3. GOVERNANCE

The Board hereby adopts a governance model whereby specific authority, responsibility, and accountability are either retained by the Board or delegated to others based on areas of expertise and appropriate oversight. The Board retains sole responsibility governing the Plan, setting investment policy, and monitoring the Investment Program. It may choose to delegate specific areas of responsibility provided it retains appropriate oversight of the delegated activity.

#### A. Roles and Responsibilities

##### 1. BOARD OF RETIREMENT

The Board maintains the sole and plenary authority and fiduciary responsibility for the Investment Program. The Board also understands it may delegate certain responsibilities under the Investment Program for purposes of administrative efficiency and expertise. The areas of the Investment Program the Board may not delegate include:

- The governance model of the Investment Program
- Establishing and maintaining investment policy, including:
  - Investment philosophy
  - This IPS
  - Investment objectives
  - Strategic asset allocation
  - Allocation-level performance benchmarks
  - Risk philosophy
- Engaging Board consultants and service providers
- Monitoring the Investment Program

## CCCERA INVESTMENT POLICY STATEMENT

### 2. STAFF

CCCERA Staff (Staff), including the Chief Executive Officer (CEO) and Chief Investment Officer (CIO), is broadly responsible for supporting the Board in the effective execution of the Investment Program. The CEO provides general direction and supervision to the CIO. The CEO and the CIO have been delegated authority to execute specific elements of the Investment Program as outlined herein, including the Investment Resolutions. The CEO has the authority to execute and terminate contracts between CCCERA and investment managers or other service providers as approved by the Board. The CIO has the authority to rebalance the portfolio under Section 3.B.1. of this IPS. The CIO also has the authority to manage the investment managers within the Plan under Section 3.B.2 of this IPS.

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- Investment strategy development and implementation
- Investment policy development
- Asset allocation among classes and subclasses
- Investment manager selection, evaluation, and termination
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- Capital markets projections
- Coordination with the Plan's actuary in conducting periodic asset/liability studies and other required reporting
- Board education

### 4. SPECIALTY INVESTMENT CONSULTANTS

Specialty consultants may be hired by the Board to work with Staff, the Consultant, and/or the Board. These will typically be asset class consultants (e.g., real estate, private equity, hedge funds) that may operate on a discretionary or non-discretionary basis, as directed by the Board, to meet the objectives of the Investment Program.

## CCCERA INVESTMENT POLICY STATEMENT

### 5. INVESTMENT MANAGERS

CCCERA engages Investment Managers to invest and manage CCCERA's assets in accordance with this IPS, the manager's mandate, governing contractual documents and applicable state and federal laws and regulations. The Board has delegated the authority to CCCERA's Chief Investment Officer, on the advice of legal counsel, to negotiate terms of engagement with Investment Managers so as to assure that CCCERA's interests are appropriately furthered and Investment Managers observe a fiduciary standard of care. At a minimum, Investment Managers (and any affiliated General Partners) will be required to comply with all applicable state and federal laws and regulations. Investment Managers shall be registered investment advisors under the federal Investment Advisors Act of 1940, unless expressly exempted from registration.

Subject to this IPS and any specific contractual obligations to the Plan, Investment Managers are responsible for making all investment decisions on a discretionary basis regarding assets placed under their jurisdiction and will be accountable for achieving their investment objectives. Such discretion shall include decisions to buy, hold, and sell assets in amounts and proportions that are reflective of the agreed-upon investment mandate.

### 6. CUSTODIAN BANK

The Custodian Bank, selected by the Board to act as the principal custodian of assets of the trust, is delegated the responsibility of holding the assets and evidence of interests owned by CCCERA in investment vehicles and cash (and equivalents). The Board may authorize the Custodian Bank to invest in temporary short-term fixed income investments both for the investment strategies and as a part of the cash portion of Plan assets. Such investments will be managed in general accordance with short-term fixed income investment guidelines as detailed in the Custodial Agreement. Cash managed for investment strategies shall be considered to be sub-portions of the assets managed by the directing Investment Managers.

The Custodian Bank shall be authorized to conduct a securities lending program within liquidity and risk constraints as established by the Board.

### **B. Delegation of Authority**

The Board has delegated authority to the CIO for certain functions as detailed below. Delegation of authority will be coordinated with workflow, compliance and reporting procedures that are clearly defined, reviewed, and approved. This IPS is used to describe the delegation of authority generally with the Investment Resolutions providing additional requirements and processes. The Board shall be notified in a timely manner of all investment decisions made by the CIO and their implications to the Plan.

# CCCERA INVESTMENT POLICY STATEMENT

## 1. REBALANCING

The Board recognizes there may be a cost to maintaining strict adherence to a target asset allocation in terms of both transaction costs and opportunity costs. The Board also recognizes that the benefit of cost minimization must be balanced against the assumption of active risk associated with allowing variances to asset allocation targets.

The CIO is delegated the authority to conduct portfolio rebalancing in order to meet two distinct objectives. The first is to maintain the long-term strategic asset allocation targets approved by the Board. The second is to capture valuation-based opportunities by deviating from the long-term strategic asset allocation targets within Zones 1 and 2 as follows:

### **i. Zone 1**

The CIO may periodically rebalance the portfolio within Zone 1 ranges as set forth in the Investment Resolutions. When such rebalancing activity occurs, the CIO shall notify the Board at the next regularly scheduled meeting.

### **ii. Zone 2**

With prior approval of the Board, the CIO may rebalance the portfolio within Zone 2 ranges as set forth in the Investment Resolutions. When such rebalancing activity occurs, the CIO shall notify the Board at the next regularly scheduled meeting.

For each of the zones listed above, special consideration will be given to illiquid asset classes recognizing that their funding and redemption processes are different than those of the liquid asset classes. As such, each illiquid asset class is assigned a liquid asset class to function as a holding place while the corresponding illiquid strategies are being invested.

Portfolio rebalancing may occur by adjusting allocations to individual investment strategies or managers or through the use of an overlay provider using derivatives.

## 2. INVESTMENT PORTFOLIO MANAGEMENT

While the Board believes the vast majority of investment return over the long term is dependent on the asset allocation decision and ongoing due diligence, it recognizes additional risk and return may be generated by how the asset allocation is implemented. These implementation decisions will largely be delegated to the CIO to be executed within the parameters established in the Investment Resolutions.

### **i. Hiring a new manager**

The CIO shall have the authority to hire new managers (i.e., purchase interests in new investment vehicles) upto an investment amount of \$250 million, subject

## CCCERA INVESTMENT POLICY STATEMENT

to the remaining terms of this IPS. The \$250 million shall represent the cumulative total amount of committed but undrawn capital under the management of a single investment manager and its affiliates. (By way of example, an investment manager with a commitment of \$250 million and capital called to-date totaling \$100 million would allow up to an additional \$150 million investment in a follow-on fund in the same series.) The CEO shall have authority to execute the contracts, consistent with the delegation of authority outlined in this IPS. Any cumulative committed but undrawn investment amount above \$250 million shall require explicit Board approval. The CIO shall report hiring decisions to the Board once all contracting documentation has been finalized.

Subject to the foregoing limitations, the CIO, with the assistance of Staff, the Consultant, and Specialty Consultants, shall be responsible for conducting all due diligence activities in connection with hiring new managers.

Quiet period. During the process of hiring a new manager, a quiet period will apply during the evaluation process, during which time no Board member may knowingly have any communication with any actual or potential candidate for the mandate, unless authorized by the Board in connection with the due diligence process in selecting managers. The quiet period shall cease upon the Board entering into a contract with the Investment Manager(s) selected for the mandate. The CIO is responsible for alerting the candidates and the Board to the commencement and duration of the quiet period and its restrictions. A violation of the quiet period rule may result in disqualification of the candidate or other appropriate Board action. Board members may observe the due diligence process after being notified of the quiet period, as appropriate and upon request.

In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Procedures and other Plan policy documents, including but not limited to the Code of Fiduciary Conduct and Ethics, Conflict of Interest Code, Placement Agent Disclosure Policy and Procurement of Products and Services Policy.

### **ii. Terminating existing managers**

The Board recognizes investments may need to be adjusted or removed from the Plan portfolio from time to time for a variety of reasons, including:

- Organizational changes including those to the people and processes in place
- A manager's style has deviated from the initial investment thesis
- A manager's style, strategy, ethics, or philosophy is no longer appropriate for the Investment Program
- Underperformance relative to benchmark or other expectations
- Uncompetitive pricing compared to available alternatives

## CCCERA INVESTMENT POLICY STATEMENT

The CIO shall have the authority to terminate investment managers. Absent emergency circumstances (described below), prior to terminating a manager, the CIO shall present a detailed termination memo to the Board that includes:

- Purpose of the mandate
- Reason(s) for termination
- Specific plan to replace or temporarily invest the assets

Although the Board's explicit approval is not required, it shall maintain veto authority should a majority of the Board decide the planned termination is not in the best interest of the Plan.

Emergency termination. An emergency will be deemed to exist when an investment strategy suffers the resignation or other loss of its portfolio manager(s) and no appropriate replacement is available; when an investment management firm dissolves, ceases to exist, or is otherwise incapable of carrying out its activities in the ordinary course of its business; when an investment management firm is actually or effectively shut down by a regulatory agency of a state or the Federal government or is accused of theft or fraud by a regulatory agency or other government body; when the Plan's investment is in jeopardy of material loss; or when such other developments with the investment management firm give concern to the CIO that the investment is no longer prudent for the Investment Program. Staff shall take action to transfer management of the affected investment strategy as soon as possible after CCCERA learns of the emergency. In the case of an emergency, the CEO, or in the CEO's absence, the Deputy CEO or the CIO will attempt to notify the Chair and Vice Chair of the Board immediately; notify the Custodian Bank that the Investment Manager's Managed Account is to be frozen and, except for those trades which are pending, no further trading is authorized; and may call a special meeting of the Board to take further action.

# CCCERA INVESTMENT POLICY STATEMENT

## 4. INVESTMENT PHILOSOPHY

The Investment Philosophy represents the foundational principles on which the Investment Program is based. Every investment decision should be made with these foundational principles in mind to promote the fulfillment of the fiduciary obligations. The statements below set forth the Board's Investment Philosophy:

### **Plan objectives should guide all decision making**

The Investment Program is designed to provide benefits to participants over a long term without accepting undue risks that could be detrimental to the participants or Plan sponsors. The Investment Program, therefore, must be managed in a prudent manner recognizing the relationships between the benefits promised to participants and their beneficiaries, the financial health of the Plan sponsors, and the exposures within the Investment Program.

### **Asset allocation drives portfolio volatility and returns**

It is impossible to accurately and consistently predict the future; therefore, the Plan is required to be prudently diversified across and within asset classes in anticipation of various economic conditions. In a well-diversified portfolio, the overall volatility of investment returns is principally driven by the asset allocation and secondarily driven by the individual investment strategies. As such, asset allocation is the primary tool by which the Board can manage the expected risk/return profile of the Plan.

### **Short-term investing**

Over shorter investment periods of up to five (5) years, volatility can be more detrimental to the success of the Investment Program. Because paying benefits to participants and their beneficiaries occurs continuously, the forced selling of assets during broad market corrections to meet these payments could result in the long-term impairment of investable capital. By maintaining a portion of the portfolio invested in low-volatility, highly liquid securities and investment strategies, the Investment Program will be able to mitigate or avoid the forced selling of assets during broad market corrections.

### **Long-term investing**

Over longer investment periods, volatility can be managed more effectively to produce beneficial results for the Investment Program. Market corrections will occur and when they do, patient and well-capitalized investors are able to wait until the market recovery takes place. Additionally, broad market corrections have historically provided investment opportunities for those with available capital and the foresight to make additional investments.

### **Fees**

Fees directly impact the investment results of the Investment Program but are necessary to appropriately compensate the investment management of the Investment Program. Fees

## CCCERA INVESTMENT POLICY STATEMENT

must, therefore, be measured closely against the value the Investment Program expects to earn and aligned to ensure incentives are consistent with the objectives of the Plan.

### 5. INVESTMENT OBJECTIVES

The investment objectives of the Investment Program are:

- To provide liquidity to meet retiree benefit payments in a timely manner;
- To produce long-term real growth to meet future retiree benefit payments and maintain a funding surplus or closing a funding gap over time; and
- To protect the assets against the adverse impacts of investment market volatility.

Investment objectives specific to the individual investment strategies are further defined in the Board's Investment Strategy portion of this IPS.

### 6. INVESTMENT STRATEGY

The Board has chosen to employ an investment strategy that seeks to align the Investment Program with the investment objectives listed in Section 5 of this IPS. The strategy divides the portfolio into three functional sub-portfolios—Liquidity, Growth, and Diversifying—to address each investment objective highlighted in Section 5. The Liquidity Sub-portfolio is dedicated to funding near-term benefit payments. It is joined with the longer-term Growth Sub-portfolio, as well as the Diversifying Sub-portfolio, which is intended to offset some of the investment risks embedded in the Growth Sub-portfolio. While the three sub-portfolios are aligned with the investment objectives individually, collectively they allow the Investment Program to provide appropriate risk and return characteristics.

#### A. Asset Allocation

The Board has adopted a strategic asset allocation based on the Plan's projected actuarial liabilities, liquidity needs, risk tolerance and the risk/return expectations for various asset classes. This asset allocation seeks to optimize long-term returns for the level of risk the Board considers appropriate. The current asset allocation table may be found in the Asset Allocation Investment Resolution.

Since projected liability and risk/return expectations will change over time, the Board will conduct a periodic review of the strategic asset allocation to maintain an expected optimal allocation. The Board may also revise the asset allocation in response to significantly changing conditions that have affected valuations and forward-looking expected returns of asset classes. The Board will review capital market expectations annually. The result of this review will be used to update the Investment Resolutions as needed.

## CCCERA INVESTMENT POLICY STATEMENT

### B. Functional Sub-portfolios

As noted previously, the investment strategy for the Investment Program employs three functional sub-portfolios to construct the comprehensive asset allocation. The allocation to the Liquidity Sub-portfolio is assessed annually and is based on the projected benefit payments and expenses of the Plan. The remaining assets are invested in the Growth and Diversifying sub-portfolios. Annually the Board shall review the relative size and composition of these sub-portfolios and revise them as necessary through Investment Resolutions. The functional sub-portfolios are set forth below:

#### 1. LIQUIDITY SUB-PORTFOLIO

The purpose of the Liquidity Sub-portfolio is to ensure adequate assets are available to pay benefits over an extended timeframe as outlined in the Investment Resolutions. The Board has established a target allocation amount of 36 months' worth of projected benefit payments in the Liquidity Sub-portfolio, which will be drawn down and replenished annually. The assets will be invested in highly liquid, low volatility securities expected to generate modest levels of return while preserving capital throughout a market cycle. This portfolio may contain assets such as cash, short-term bonds, laddered government bonds, derivatives, and other investments that provide fixed, contractual cash flows with an appropriate level of credit risk. As a secondary purpose, a portion of the Liquidity Sub-portfolio may be allocated to the Growth Sub-portfolio during broad market corrections so long as at least 18 months of projected benefit payments and expenses are maintained in the Liquidity Sub-portfolio.

The success of the Liquidity Sub-portfolio will be measured by its ability to directly fund benefit payments through low-risk, cash flowing investments, as well as providing a stable offset to the rest of the portfolio during periods of severe market stress.

#### 2. GROWTH SUB-PORTFOLIO

The purpose of the Growth Sub-portfolio is to grow invested assets over the long term in order to pay future benefits. This portfolio is characterized by a long investment horizon and can, therefore, accept a higher level of volatility. Assets in this portfolio may be volatile, have reduced liquidity, and derive the bulk of their return from capital appreciation. These assets include public and private equity, corporate and other debt with credit risk premiums, private real estate, and other private assets.

The success of this portfolio will be measured primarily by compounded annual growth rates in conjunction with the annualized standard deviation of returns as the

## CCCERA INVESTMENT POLICY STATEMENT

primary measure of risk. Performance evaluation will, therefore, focus on the long-term total risk-adjusted return of the portfolio.

### 3. DIVERSIFYING SUB-PORTFOLIO

The purpose of the Diversifying Sub-portfolio is to offset the investment risk of the Growth Sub-portfolio. Investment strategies in the Diversifying Sub-portfolio are expected to have return profiles that have a low correlation to those in the Growth Sub-portfolio. This is expected to effectively dampen the market volatility across the entire portfolio. As a secondary objective, the investment strategies in the Diversifying Sub-portfolio will offer additional sources of return to those in the Liquidity and Growth sub-portfolios.

The success of the Diversifying Sub-portfolio will be measured by its ability to offset declines in value in the Growth Sub-portfolio, as well as its ability to provide liquidity during times of market stress.

### 4. INTERACTION BETWEEN THE FUNCTIONAL SUB-PORTFOLIOS

The allocations to the Liquidity, Growth, and Diversifying sub-portfolios will vary over time. The Liquidity Sub-portfolio will operate as a drawdown vehicle to pay benefits and expenses. The Growth and Diversifying sub-portfolios will be subject to the volatility of the markets in which each functional sub-portfolio invests. In order to reallocate between the functional sub-portfolios, the Board will conduct two annual reviews: an annual capital review to assess the relative value and risks associated with each asset class; and an annual funding plan to determine how to replenish the Liquidity Sub-portfolio.

Annually the CIO and Consultant jointly shall deliver a review of the capital markets to the Board. The Consultant will provide the Board current forward-looking risk and return assumptions for all major asset classes. In conjunction with this review, the CIO will provide a recommendation of how best to allocate assets within each functional sub-portfolio. If necessary, the CIO will recommend changes in target allocations to the underlying asset classes in order to deploy the Investment Program's assets effectively in the upcoming year.

Additionally and subsequent to the capital markets review, the CIO will present an annual funding plan, which will provide a recommendation of how best to replenish the Liquidity Sub-portfolio for the next projected 36 months of benefits payments and expenses. The CIO will provide a monthly report to the Board on the progress of funding the Liquidity Sub-portfolio through a combination of harvesting income from the Growth and Diversifying sub-portfolios, asset sales in the Growth and/or

## CCCERA INVESTMENT POLICY STATEMENT

Diversifying sub-portfolios or the use of contributions. Under normal market conditions, the balance in the Liquidity Sub-portfolio is expected to vary between 24 and 36 months of projected benefit payments and expenses.

### C. Investment Strategy Attributes

All investment strategies, whether currently used by the Investment Program or being considered for inclusion in the Investment Program, will be evaluated on their own unique risk and return characteristics, as well as their contribution to the overall Investment Program's risk and return characteristics. Other risks pertaining to the individual investment strategies and/or the firm managing the strategy will also be considered.

Fees and expenses of the investment strategies will be closely evaluated against competitive strategies and the value provided for the services rendered. While lower fees are clearly preferred over higher fees, the Plan seeks to identify investment strategies capable of providing value for participants by generating net-of-fee investment returns in excess of benchmark returns. Fee structures will be evaluated to ensure appropriate incentives are provided to achieve the desired outcomes for the Investment Program.

## 7. RISK PHILOSOPHY

The Board recognizes the assumption of investment risk is necessary to meet the Plan's objectives. Investment risk is viewed as both the annualized standard deviation of investment returns (volatility) and drawdown exposure. Drawdown exposure measures the expected investment loss during a market correction. Additional sources of risk include regulatory, governmental, counterparty, environmental, social and currency. Investment risk, in and of itself, is intrinsically neither good nor bad; it is a condition accepted in the pursuit of investment returns. The goal in managing investment risk is to ensure an acceptable level of risk is being taken at the total Plan portfolio level. To accomplish this goal, the Plan invests in broad asset classes, via specific investment strategies within those asset classes, which have desirable expected return, risk, and correlation characteristics. While the individual strategies have a wide range of risk and return characteristics, the correlations between the strategies allows for effective portfolio diversification.

The approach used in constructing the portfolio further focuses on the risk characteristics by ensuring the preservation of the Liquidity Sub-portfolio assets as detailed previously in this IPS. Because these assets are invested in lower risk and lower return investments, the assets are well protected. This then allows for the Growth Sub-portfolio to assume greater investment risk in pursuit of higher expected returns. The Diversifying Sub-portfolio then offsets a portion of the investment risk embedded in the Growth Sub-portfolio to protect against drawdown risks.

## CCCERA INVESTMENT POLICY STATEMENT

### 8. PORTFOLIO MONITORING

In discharging its fiduciary duty to prudently manage the Investment Program, the Board has developed the following structure for ongoing monitoring of existing investment managers. Reporting processes are, therefore, designed to provide the Board with the information needed to execute this oversight function. Accurate, timely, and clear reporting to the Board of the Plan's assets, investment risks and returns, portfolio costs, and investment decisions are essential to assisting the Board in discharging its fiduciary duties.

The CIO and General Investment Consultant will monitor individual investment managers' performance quarterly and annually. The managers' organizations and operations will be qualitatively monitored on a continual basis.

The General Investment Consultant will present a portfolio investment performance report to the Board on a quarterly basis. Performance will be measured for the total portfolio as well as sub-portfolios and individual portfolios. Each investment manager shall have a clear role within the total fund. The quarterly report will highlight any variance from that role.

The CIO, with the assistance of the General Investment Consultant and Specialty Consultants, shall conduct periodic on-site review activities in connection with evaluating managers. Additionally, the Board may from time to time determine that it is in the best interest of the participants and beneficiaries for one or more Board members to visit the offices of an investment manager, in order to further the Board members' understanding of the manager's strategy and its role in the CCCERA portfolio.

# CCCERA INVESTMENT POLICY STATEMENT

## APPENDIX 1: REFERENCED INCORPORATED DOCUMENTS

The documents referenced in the Investment Policy Statement are listed below and incorporated by reference into this IPS:

- CCCERA Board Investment Resolutions
- Placement Agent Disclosure Policy
- Code of Fiduciary Conduct and Ethics
- Conflict of Interest Code
- Procurement of Products and Services Policy
- Other Investment-Related Board Actions



Meeting Date  
**03/24/2021**  
Agenda Item  
**#7**

Date: March 24, 2021  
To: CCCERA Board of Retirement  
From: Tim Price, Chief Investment Officer  
Subject: Recommendation to execute agreement with StoneX Futures Commission Merchant (FCM) for Sit LLCAR Strategy

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### **Summary and Recommendation**

As part of the recently approved Sit LLCAR strategy, we are asking for Board approval to retain StoneX as a Futures Commission Merchant (FCM). FCMs buy and sell futures, options and swaps on behalf of investors and are required by regulators for such transactions. The Sit LLCAR employs S&P futures to hedge equity risk and StoneX is Sit's preferred FCM for such transactions. Unlike long only strategies where the investment firm is responsible for selecting brokers and other such parties, futures exposure management requires a direct agreement with the end client. The StoneX agreement will be ancillary to the Board-approved Sit LLCAR agreement.

Sit has an existing relationship with StoneX and found them to be an efficient, market priced and reliable service provider. Sit estimates that the upper bound of total cost of services to be less than \$5,000 per annum.

**RESOLUTION OF THE BOARD OF RETIREMENT  
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**SALARY RESOLUTION FOR CHIEF EXECUTIVE OFFICER  
PURSUANT TO GOVERNMENT CODE SECTION 31522.9**

WHEREAS, effective July 1, 2017, the Board of Retirement ("Board") of the Contra Costa County Employees' Retirement Association ("CCCERA") entered into that certain Amended and Restated Employment Agreement for Chief Executive Officer with Gail Strohl, dated July 1, 2017 ("Employment Agreement"), pursuant to Government Code section 31522.9; and

WHEREAS, the Employment Agreement provides, at Section 3.1, that Strohl's annual base salary shall be as set by the Board in a Salary Resolution adopted by the Board from time to time.

NOW, THEREFORE, BE IT

RESOLVED that commencing as of April 1, 2021, Strohl's annual base salary for purposes of the Employment Agreement shall be Two Hundred Eighty Seven Thousand Eight Hundred and Eighty Dollars and Forty Cents (\$287,880.40), payable in twelve monthly installments in arrears at a gross monthly rate of Twenty Three Thousand Nine Hundred Ninety Dollars and Three cents (\$23,990.03), less applicable taxes, and other customary and applicable payroll deductions, and, be it further

RESOLVED that the annual base salary set by this Resolution shall remain in effect during the term of Gail Strohl's continuing employment in accordance with the terms of the Employment Agreement unless and until modified by further resolution of the Board of Retirement, and, be it further

RESOLVED that on April 1, 2021, Strohl shall also receive a Five Thousand Dollar (\$5,000.00) one-time lump-sum payment, less applicable taxes, and other customary and applicable payroll deductions.

THIS RESOLUTION WAS ADOPTED BY THE AFFIRMATIVE VOTE OF THE BOARD OF RETIREMENT OF THE CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION THIS TWENTY FOURTH DAY OF MARCH, 2021.

AYES:

NOES:

ABSTAIN:

ABSENT:

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Todd Smithey  
Chairperson of the Board of Retirement

Attest:

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David MacDonald  
Secretary of the Board of Retirement

Meeting Date  
**03/24/2021**  
Agenda Item  
**#9**

**BOR Reso. No. 2021-3**

**RESOLUTION OF THE BOARD OF RETIREMENT  
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**CCCERA RESOLUTION FOR SALARY AND BENEFITS  
FOR UNREPRESENTED EMPLOYEES**

**EFFECTIVE FEBRUARY 1, 2016  
AMENDED MAY 25, 2016  
AMENDED JUNE 22, 2016  
AMENDED JUNE 14, 2017  
AMENDED AUGUST 23, 2017  
AMENDED MAY 23, 2018  
AMENDED JULY 25, 2018  
AMENDED AUGUST 22, 2018  
AMENDED APRIL 10, 2019  
AMENDED FEBRUARY 26, 2020  
AMENDED FEBRUARY 10, 2021  
AMENDED MARCH 24, 2021**

Table of Contents

1. Paid Holidays: .....2

2. Personal Holidays: .....3

3. Vacation: .....3

    Vacation Buy Back: .....4

4. Sick Leave:.....5

5. Sick Leave Incentive Plan:.....5

6. Management Administrative Leave .....6

7. Other Unpaid Leaves: .....7

    A. Medical/Family Illness/Child Care Leave (FMLA/CFRA LEAVE) .....7

    B. Pregnancy Disability Leave .....8

    C. Military Leave .....8

8. Health, Dental, and Related Benefits .....9

    Health and Dental Coverage Upon Retirement.....10

9. Long-Term and Short-Term Disability Insurance.....12

10. State Disability Insurance .....12

11. Life Insurance .....12

12. Workers Compensation Insurance .....12

13. Health Care Spending Account.....13

14. Dependent Care Assistance Program.....14

15. Premium Conversion Plan .....14

16. Vision Insurance .....14

17. Retirement:.....14

    CCCERA Membership: .....14

    Deferred Compensation: .....15

18. General Training .....16

19. Other Job-Related Training.....16

20. Professional Development Reimbursement .....16

21. Salary .....17

22. Overtime .....17

23. Differential Pay .....17

    A. Longevity .....17

    B. Certificate Differentials.....18

WHEREAS, the Contra Costa County Employees' Retirement Association ("CCCERA") is a public agency established by virtue of, and governed by the County Employees' Retirement Law of 1937, Government Code sections 31450, *et seq.*, ("CERL") and Article XVI, section 17 of the California Constitution.

WHEREAS, CCCERA administers a retirement system for the County of Contra Costa and for other participating employers located within the County, including CCCERA, by and through its Board of Retirement ("Board"), and as the Board delegates to its employees who are appointed by CCCERA pursuant to CERL section 31529.9 ("CCCERA Employees.")

WHEREAS, the Board wishes to provide salary and benefits to the unrepresented employees of CCCERA, effective from January 1, 2015 until further notice;

NOW THEREFORE IT IS HEREBY RESOLVED that effective January 1, 2015 and until further notice employees of CCCERA in the job classifications identified on Attachment A hereto shall receive the following salary and benefits:

**1. Paid Holidays:**

CCCERA observes the following paid holidays during the term covered by this Resolution:

New Year's Day	Labor Day
Martin Luther King Jr. Day	Veterans' Day
Presidents' Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day

Any paid holiday observed by CCCERA that falls on a Saturday is observed on the preceding Friday and any paid holiday that falls on a Sunday is observed on the following Monday.

Eligibility for Paid Holidays: Regular full-time employees are entitled to a paid day off in recognition of the holiday without a reduction in monthly base pay for CCCERA-observed holidays listed above.

Part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are entitled to the listed paid holidays on a pro rata basis. For example, a part time employee whose position hours are 24 per week is entitled to 4.8 hours off work on a holiday ( $24/40 \times 8 = 4.8$ ).

When a paid holiday falls on a part-time employee's normally scheduled work day and the part-time paid holiday hours are more than the normally scheduled work hours the employee is entitled to receive flexible compensation hours or pay at the rate of one times the employees' base rate of pay for the difference between the employee's normally

scheduled work hours and the paid part-time holiday hours.

When a paid holiday falls on a part-time employee’s normally scheduled work day and the part-time paid holiday hours are less than the normally scheduled work hours the employee must use non-sick leave accruals for the difference between the employee’s normally scheduled work hours and the part-time paid holiday hours. If the employee does not have any non-sick leave accrual balances, leave without pay will be authorized.

Flexible Compensation: Flexible Compensation may not be accumulated in excess of 288 hours. After 288 hours are accrued by an employee, the employee will receive flexible pay at the rate of 1.0 times the employee’s base rate of pay. Flexible compensation may be taken on those dates and times determined by mutual agreement of the employee and their supervisor.

**2. Personal Holidays:**

Regular employees subject to this Resolution are entitled to accrue up to two hours of personal holiday credit each month.

Part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] accrue personal holiday hours on a pro rata basis.

No employee may accrue more than forty hours of personal holiday credit at any time. Once the employee reaches forty hours of personal holiday, the employee will cease accruing such paid time off until he/she uses sufficient such time to reduce his/her bank below the forty-hour maximum, after at which time the employee may begin to accrue additional hours up to the forty-hour maximum.

On separation from CCCERA service, employees shall be paid for any accrued and unused personal holiday hours at the employee’s then-current rate of pay.

**3. Vacation:**

Regular full-time employees subject to this Resolution are entitled to accrue paid vacation as follows:

<u>Length of Service*</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Cumulative Hours</u>
Fewer than 11 years	10	240
11 years	10-2/3	256
12 years	11-1/3	272
13 years	12	288
14 years	12-2/3	304
15 through 19 years	13-1/3	320

<u>Length of Service*</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Cumulative Hours</u>
20 through 24 years	16-2/3	400
25 through 29 years	20	480
30 years and up	23-1/3	560

\* Includes County service if employed at CCCERA before January 1, 2015.

Part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are entitled to the listed paid vacation on a pro rata basis.

Employees may accrue paid vacation time up to a maximum of twice their annual vacation accrual. That is, for a full-time employee with 8 years of service, the employee may accrue up to a maximum of 240 hours (120 hours maximum annual accrual x 2 = 240 hours). Once the employee reaches this maximum cumulative hours, she/he will cease accruing paid vacation time until he/she uses sufficient vacation to drop below the maximum cumulative hours after which time the employee may begin to accrue additional hours up to the maximum cumulative hours.

On separation from CCCERA service, employees shall be paid for any accrued and unused vacation hours at the employee’s then-current rate of pay.

**Vacation Buy Back:**

A. With the exception of the Chief Executive Officer, employees may elect payment of up to one-third (1/3) of their annual vacation accrual, subject to the following conditions:

- (1) the choice can be made only once every thirteen (13) months and there must be at least twelve (12) full months between each election;
- (2) payment is based on an hourly rate determined by dividing the employee’s current monthly salary by 173.33; and
- (3) the maximum number of vacation hours that may be paid in any one sale is one-third (1/3) of the annual accrual.

B. The Chief Executive Officer may elect payment of up to one-third (1/3) of their annual vacation accrual, subject to the following conditions:

- (1) the choice can be made only once in each calendar year;
- (2) payment is based on an hourly rate determined by dividing the employee’s current monthly salary by 173.33; and
- (3) the maximum number of vacation hours that may be paid in any one sale is one-third (1/3) of the annual accrual.

C. The vacation buy back election must be made in the calendar year preceding the year of the

vacation sale. Hours that an employee elects to cash out are not available for the employee to use as vacation. If a vacation buy back election is not made in the preceding calendar year, it will be considered a declination of the vacation sale for the year.

**NOTE:** Where a lump-sum payment is made to employees as a retroactive general salary adjustment for a portion of a calendar year that is subsequent to the exercise by an employee of the vacation buy-back provision herein, that employee's vacation buy-back will be adjusted to reflect the percentage difference in base pay rates upon which the lump-sum payment was computed, provided that the period covered by the lump-sum payment includes the effective date of the vacation buy-back. *For example: In May a salary increase is approved with an effective date of January 1<sup>st</sup> and the employee completed a vacation buy-back in March, a lump sum payment for the difference in base pay of the vacation buy-back would be calculated.*

**4. Sick Leave:**

Regular full-time employees subject to this Resolution shall earn paid sick leave benefits at the rate of eight (8) hours per month. Regular part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are entitled to sick leave benefits on a pro rata basis.

Unused sick leave hours accumulate from year to year. When an employee is separated, other than through retirement, accumulated sick leave hours shall be cancelled, unless the separation results from layoff, in which case the accumulated hours shall be restored if reemployed in a regular position within the period of layoff eligibility. At retirement, employees are credited, at the rate of one day for each one day earned, with sick leave accumulated as of the day of retirement and that sick leave credit counts as additional retirement service credit.

For more information on sick leave benefits please refer to the CCCERA Personnel Policies.

**5. Sick Leave Incentive Plan:**

Employees may be eligible for a payoff of a part of unused sick leave accruals at separation. The sick leave incentive plan is an incentive for employees to safeguard sick leave accruals as protection against wage loss due to time lost for injury or illness. Payoff must be approved by the Chief Executive Officer, and is subject to the following conditions:

- The employee must have resigned in good standing
- Payout is not available if the employee is eligible to retire
- The balance of sick leave at resignation must be at least 70% of accruals earned in the preceding continuous period of employment excluding any sick leave use covered by the Family and Medical Leave Act (FMLA), the California Family

Rights Act (CFRA) or the California Pregnancy Disability Act (PDL).

- Payout is by the following schedule:

<u>Years of Payment Continuous Service</u>	<u>Payment of Unused Sick Leave Payable</u>
3 – 5 years	30%
5 – 7 years	40%
7 plus years	50%

- No payoff will be made pursuant to this section unless CCCERA certifies that an employee requesting as sick leave payoff has terminated membership in, and has withdrawn their contributions from CCCERA.
- It is the intent of the Board of Retirement that payments made pursuant to this section are in lieu of CCCERA retirement benefits resulting from employment with any of the employers in the CCCERA retirement plan.

**6. Management Administrative Leave**

Management Administrative Leave is authorized time away from the job for any personal activities and needs which are not charged to sick leave or vacation hours. Unrepresented employees who are exempt from the payment of overtime are eligible for this benefit.

Use of Management Administrative Leave may be requested whenever desired by the employee; however; approval of request shall be subject to the same department process as used for vacation requests.

All unused Management Administrative Leave will be cancelled at 11:59 p.m. on December 31<sup>st</sup> of each year.

- A. On January 1<sup>st</sup> of each year, all full-time unrepresented employees, who are exempt from the payment of overtime and in paid status, will be credited with ninety four (94) hours of paid Management Administrative Leave. All Management Administrative Leave is non-accruable and all balances will be zeroed out on December 31<sup>st</sup> of each year.
- B. Regular part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are eligible for Management Administrative Leave on a prorated basis, based upon their position hours.
- C. Employees appointed (hired or promoted) to a management position are eligible for Management Administrative Leave on the first day of the month following their appointment date and will receive Management Administrative Leave on a prorated basis for that first year.

7. **Other Unpaid Leaves:**

CCCERA provides leaves of absence to eligible employees in a variety of circumstances. In all cases, CCCERA intends to comply with applicable federal and state laws. For additional information on unpaid leaves please refer to the CCCERA Personnel Policies.

- Pregnancy disability leave may be requested by any employee at any time.
- Workers' compensation leave is provided to any employee as needed.
- Leave as a reasonable accommodation of an employee's disability is provided to any employee as needed.

Request for Leave: As soon as an employee learns of the need for a leave of absence, the employee should submit a request for leave to the Administrative/HR Manager. Request forms are available from Human Resources. Any leave request must state the purpose of the leave being requested. If approved, the leave must be used for that purpose.

A. Medical/Family Illness/Child Care Leave (FMLA/CFRA LEAVE)

Eligible employees may request an unpaid Family Medical Leave Act ("FMLA") of up to 18 workweeks in a rolling 12-month period (measured backwards from the date the leave begins) for any of the following reasons:

- Birth of the employee's child and to care for the child within the first year of birth;
- The care of an adopted or foster child which the first year of placement with the employee;
- Care for the employee's child, spouse or domestic partner, or parent with a serious health condition;
- Serious health condition of the employee;
- A qualifying exigency arising out of an eligible family member's call to military duty; or
- To care for a covered military service member who is the employee's eligible family member/next-of-kin.

For purposes of this Resolution, an eligible employee is one who has completed one year of continuous employment with CCCERA and worked a minimum of 1,250 hours during the preceding 12 months.

Medical certification is required for leaves necessitated by the serious health condition of the employee or of a family member, but an employee or his/her health care provider need not, and should not, disclose the employee's underlying condition. medical history, results

of tests, or any genetic information. A “serious health condition” means an illness, injury, impairment, or physical or mental condition that involves any of the following:

- Time or treatment in connection with inpatient care;
- Period of incapacity of more than three consecutive days that involves treatment by a health care provider; or
- Any period of incapacity or treatment that is permanent or long term.

Employees will continue to be covered by CCCERA health insurance benefits under pre-leave conditions during the entire approved FMLA leave.

FMLA leave is unpaid, except that employees [*may elect* to use any accrued vacation, sick, personal holiday or management administrative leave time.

Intermittent leave or a reduced work schedule may be approved with medical certification for an employee’s Serious Health Condition, for the employee to care for a child, parent, spouse, or domestic partner (under the CFRA only) with a serious health condition.

Medical certification that the employee is released to return to work is required before the employee will be permitted to return.

If an employee needs to extend his or her leave, he/she must request an extension for FMLA/CFRA leave as soon as practicable after he/she has knowledge of the need for additional leave time. Recertification by a treating health care provider may be required every 30 calendar days in connection with an employee’s absence where appropriate.

#### B. Pregnancy Disability Leave

Pregnancy Disability Leave (PDL) is a leave due to pregnancy, childbirth, or related reasons preventing the employee from performing her job functions. PDL includes leave needed for prenatal care and prenatal complications.

Employees may take up to a maximum of four months of PDL per pregnancy. Medical certification of the need for the leave is required, and the length of PDL will depend on the medical necessity for the leave. Medical certification that the employee is released to return to work is required before the employee will be permitted to return.

Employees will continue to be covered by CCCERA health insurance benefits under pre-leave conditions during the entire approved PDL.

Leave for pregnancy disability is unpaid, except that employees may elect to use any accrued vacation, sick, personal holiday or management administrative leave time.

#### C. Military Leave

Federal and state mandated-military leaves of absence are granted without pay to members of the United States Uniformed Services, the California National Guard, or the reserves. To

be eligible, an employee must submit written verification from the appropriate military authority. Such leaves will be granted in accordance with state and federal law.

When an employee goes on Military Leave for more than 30 days, any applicable group insurance (existing provisions will apply) continues for 90 days following the commencement of unpaid Military Leave. Beyond the 90 days, the employee may elect to continue the same group health care coverage, including dependent coverage, if applicable, for up to 24 months at his/her own expense.

An employee may elect to use accrued personal holidays, vacation, and/or management administrative leave at the beginning of unpaid military service or may retain earned and accrued vacation for use upon return from the leave. The employee must provide this request/election in writing to Administrative/HR Manager prior to the start of the military leave.

At the conclusion of military service, an employee will be reinstated upon giving notice of his/her intent to return to work by either (1) reporting to work or (2) submitting a timely oral or written request to CCCERA for reinstatement within 90 days of days after their release from active duty or any extended period required by law. The Military Leave will expire upon the employee's failure to request reinstatement or return to work in a timely manner after conclusion of service.

**8. Health, Dental, and Related Benefits**

Regular full-time and part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] and their eligible dependents may be entitled to receive medical and dental insurance coverage through CCCERA Plans. Attached hereto as Attachment B, is the monthly premium subsidy for unrepresented employees.

Effective January 1, 2016, CCCERA shall offer an Internal Revenue Code Section 125 Flexible Benefits Plan that offers (i) CalPERS health plan coverages for each eligible employee and the employee's eligible family members and (ii) at least one other nontaxable benefit. CCCERA shall make monthly contributions under the plan for each eligible employee and their dependents (if applicable) up to the relevant amount set forth in Attachment B. Such contributions shall consist of (i) the Minimum Employer Contribution (MEC) established by the Public Employees' Medical and Hospital Care Act, and designated by CCCERA as the MEC, and (ii) the additional amount of such contributions in excess of the MEC.

Any eligible employee who enrolls in health coverage with a higher total premium than CCCERA's contributions with respect to the eligible employee, as stated in Attachment B, will pay the difference via pre-tax payroll deductions under the plan to the extent permitted by Internal Revenue Code Section 125.

Dual Coverage: Each employee, eligible dependent and retiree may be covered by only a single CCCERA health or dental plan.

Please refer any questions about medical/dental benefits to Human Resources.

**Health and Dental Coverage Upon Retirement**

1. Any CCCERA retiree or their eligible dependent who becomes age 65 on or after January 1, 2009 and who is eligible for Medicare must immediately enroll in Medicare Parts A and B.
  2. For employees hired by Contra Costa County or CCCERA on or after January 1, 2009 and their eligible dependents, upon completion of five (5) years of CCCERA service, an eligible employee who retires from CCCERA may retain continuous coverage of a CCCERA health and/or dental plan provided that:
    - i. he or she begins to receive a monthly retirement allowance from CCCERA within 120 days of separation from CCCERA employment and
    - ii. he or she pays the difference between the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum contribution and the premium cost of the health plan. He or she pays the full premium of the dental plan without any CCCERA premium subsidy.
  3. For employees hired by Contra Costa County before January 1, 2009 and their eligible dependents, upon completion of five (5) years of CCCERA service, an eligible employee who retires from CCCERA may retain continuous coverage of a CCCERA health and/or dental plan provided that they meet the requirements listed below:
    - i. he or she begins to receive a monthly retirement allowance from CCCERA within 120 days of separation from CCCERA employment and
    - ii. he or she pays the difference between the monthly premium subsidy established by the Board of Retirement for eligible employees and their eligible dependents and the premium cost of the health/dental plan.<sup>1</sup>
- <sup>1</sup>CCCERA will pay the health/dental plan monthly premium subsidy established by the Board of Retirement for eligible retirees and their eligible dependents.
4. All periods of benefit eligible employment will be included in the five (5) years of service calculation for purposes of health and dental coverage upon retirement.
  5. Employees who were on an authorized leave of absence without pay prior to retiring must have maintained coverage through CCCERA and paid the applicable premiums during their authorized leave of absence in order to be eligible for coverage under this Section.
  6. Employees, who resign and file for a deferred retirement and their eligible dependents, may continue in their CCCERA group health and/or dental plan under the following conditions and limitations:

- i. Health and dental coverage during the deferred retirement period is totally at the expense of the employee, without any CCCERA contributions.
  - ii. Life insurance coverage is not included.
  - iii. To continue health and dental coverage, the employee must:
    - a. be qualified for a deferred retirement under the 1937 Retirement Act provisions;
    - b. be an active member of a CCCERA group health and/or dental plan at the time of filing their deferred retirement application and elect to continue plan benefits;
    - c. be eligible for a monthly allowance from the Retirement System and direct receipt of a monthly allowance within one hundred twenty (120) days of application for deferred retirement; and
    - d. file an election to defer retirement and to continue health benefits hereunder with CCCERA within thirty (30) days before separation from CCCERA service.
  - iv. Deferred retirees who elect continued health benefits hereunder and their eligible dependents may maintain continuous membership in their CCCERA health and/or dental plan group during the period of deferred retirement by paying the full premium for health and dental coverage on or before the 10<sup>th</sup> of each month, to CCCERA. When the deferred retirees begin to receive retirement benefits, they will qualify for the same health and/or dental coverage listed above, as similarly situated retirees who did not defer retirement.
  - v. Deferred retirees may elect retiree health benefits hereunder without electing to maintain participation in their CCCERA health and/or dental plan during their deferred retirement period. When they begin to receive retirement benefits, they will qualify for the same health and/or dental coverage as listed above, as similarly situated retirees who did not defer retirement.
  - vi. Employees who elect deferred retirement will not be eligible in any event for CCCERA health and/or dental premium subsidies unless the member draws a monthly retirement allowance within one hundred twenty days (120) after separation from CCCERA employment.
  - vii. Deferred retirees and their eligible dependents are required to meet the same eligibility provisions for retiree health/dental coverage as similarly situated retirees who did not defer retirement.
7. For employees who retire and are eligible to receive a medical premium subsidy that is greater than the PEMHCA minimum contribution, each month during which such retiree medical coverage continues, CCCERA will provide each such retiree with a medical expense reimbursement plan (MERP), also known as a health reimbursement arrangement (HRA), subject to Internal Revenue Code Section 105, with a monthly credit equal to the excess of (i) the relevant medical coverage

monthly premium subsidy set forth in Attachment B for such eligible retiree and his or her eligible family members over (ii) the then current MEC.

8. **Long-Term and Short-Term Disability Insurance**

CCCERA will provide Long-Term and Short-Term Disability Insurance.

9. **State Disability Insurance**

Unrepresented employees do not contribute towards State Disability Insurance.

10. **Life Insurance**

For employees who are enrolled in CCCERA's program of medical or dental coverage as either the primary or the dependent, term life insurance in the amount of ten thousand dollars (\$10,000) will be provided by CCCERA.

Management employees, with the exception of the Chief Executive Officer will also receive fifty-seven thousand dollars (\$57,000) in addition to the life insurance provided above. The Chief Executive Officer will receive an additional sixty thousand dollars (\$60,000) in addition to the ten thousand dollars (\$10,000) insurance provided above.

In addition to the life insurance benefits provided by CCCERA, employees may subscribe voluntarily and at their own expense for supplemental life insurance. Please refer to Human Resources for additional information.

11. **Workers Compensation Insurance**

CCCERA provides workers' compensation benefits to employees who sustain a work-related injury or illness, and claims are processed through an adjusting agent/insurance carrier as designated by CCCERA, which administers workers' compensation claims and provides benefits and services to injured employees. A worker's compensation injury is any injury or illness that arises out of and in the course of employment (AOE/COE) (Labor Code section 3600).

1. **Waiting Period:** There is a three (3) calendar day waiting period before workers' compensation benefits commence. If the injured worker loses any time on the date of injury, that day counts as day one (1) of the waiting period. If the injured worker does not lose time on the date of the injury, the waiting period is the first three (3) days following the date of the injury. The time the employee is scheduled to work during this waiting period will be charged to the employee's sick leave and/or vacation accruals. In order to qualify for workers' compensation the employee must be under the care of a physician. Temporary compensation is payable on the first three (3) days of disability when the injury necessitates hospitalization, or when the disability exceeds

fourteen (14) days.

2. Continuing Pay: Permanent employees shall continue to receive the appropriate percent as per Labor Code section 4650 et. seq. of their regular monthly salary during any period of compensable temporary disability not to exceed one year. Payment of continuing pay and/or temporary disability compensation is made in accordance with Part 2, Article 3 of the Workers' Compensation Laws of California. "Compensable temporary disability absence" for the purpose of this Section, is any absence due to work connected disability which qualifies for temporary disability compensation as set forth in Part 2, Article 3 of the Workers' Compensation Laws of California.

When any disability becomes medically permanent and stationary and/or reaches maximum medical improvement, the salary provided in this Section shall terminate. No charge shall be made against sick leave or vacation for these payments. Sick leave and vacation rights shall not accrue for those periods during which continuing pay is received.

Employees shall be entitled to a maximum of one (1) year of continuing pay benefits for any one injury or illness.

Continuing pay begins at the same time that temporary workers' compensation benefits commence and continues until either the member is declared medically permanent/stationary, or until one (1) year of continuing pay, whichever comes first, provided the employee remains in an active employed status. Continuing pay is automatically terminated on the date an employee is separated from CCCERA by resignation, retirement, layoff, or the employee is no longer employed by CCCERA. In these instances, employees will be paid workers' compensation benefits as prescribed by workers' compensation laws. All continuing pay must be cleared through CCCERA.

3. Physician Visits: Whenever an employee who has been injured on the job and has returned to work is required by an attending physician to leave work for treatment during working hours, the employee is allowed time off, up to three (3) hours for such treatment, without loss of pay or benefits. Said visits are to be scheduled contiguous to either the beginning or end of the scheduled workday whenever possible. This provision applies only to injuries/illnesses that have been accepted by CCCERA as work related.

## 12. Health Care Spending Account

After six (6) months of regular employment, full time and part time (20/40 or greater) employees may elect to participate in a Health Care Spending Account (HCSA) Program designated to qualify for tax savings under Section 125 of the Internal Revenue Code, but such savings are not guaranteed. The HCSA Program allows employees to set aside a predetermined amount of money from their pay, before taxes, for health care expenses not reimbursed by any other health benefit plans. HCSA dollars may be expended on any

eligible medical expenses allowed by Internal Revenue Code Section 125. Any unused balance over five hundred dollars (\$500) is forfeited and cannot be recovered by the employee. Please refer to Human Resources for more information on the HCSA Program.

**13. Dependent Care Assistance Program**

Full time and part time (20/40 or greater) employees may elect to participate in a Dependent Care Assistance Program (DCAP) designed to qualify for tax savings under Section 129 of the Internal Revenue Code, but such savings are not guaranteed. The program allows employees to set aside up to five thousand (\$5,000) of annual salary (before taxes) per calendar year to pay for eligible dependent care (child and elder care) expenses. According to IRS regulations, any unused balance is forfeited and may not be recovered by the employee. Please refer to Human Resources for more information on DCAP.

**14. Premium Conversion Plan**

CCCERA offers the Premium Conversion Plan (PCP) designed to qualify for tax savings under Section 125 of the Internal Revenue Code, but tax savings are not guaranteed. The program allows employees to use pre-tax salary to pay health and dental premiums. Please refer to Human Resources for more information on the PCP.

**15. Vision Insurance**

CCCERA will pay 100% of the employee only premium for EyeMed Option 2 vision coverage and up to two hours of CCCERA paid time for exam and to obtain glasses. Employees may obtain spouse and dependent coverage at their own cost.

**16. Retirement:**

CCCERA Membership:

*Contributions:* Employees are responsible for the payment of one hundred percent of the employees' basic retirement benefit contributions determined annually by the Board. Employees are also responsible for the payment of the employee's contributions to the retirement cost-of-living program as determined annually by the Board. CCCERA is responsible for payment of one hundred percent of the employer's retirement contributions as determined annually by the Board.

- A. Employees who are not classified as new members under PEPRA will be enrolled in Retirement Tier 1 enhanced. For more information on retirement tiers please refer to the CCCERA member handbooks.
- B. Employees who are classified as new members under PEPRA will be enrolled in Retirement IV (3% COLA). For more information on retirement tiers please refer to the CCCERA member handbooks.
- C. CCCERA will implement Section 414(h) (2) of the Internal Revenue Code which allows CCCERA to reduce the gross monthly pay of employees by an amount equal to

the employee’s total contribution to the CCCERA Retirement Plan before Federal and State income taxes are withheld, and forward that amount to the CCCERA Retirement Plan. This program of deferred retirement contribution will be universal and non-voluntary as required by statute.

Deferred Compensation:

- A. CCCERA will contribute eighty-five dollars (\$85) per month to each employee who participates in CCCERA’s Deferred Compensation Plan. To be eligible for this Deferred Compensation Incentive, the employee must contribute to the deferred compensation plan as indicated below:

Employees with Current Monthly Salary of:	Qualifying Base Contribution Amount	Monthly Contribution Required to Maintain Incentive Program Eligibility
\$2,500 and below	\$250	\$50
\$2,501 – 3,334	\$500	\$50
\$3,335 – 4,167	\$750	\$50
\$4,168 – 5,000	\$1,000	\$50
\$5,001 – 5,834	\$1,500	\$100
\$5,835 – 6,667	\$2,000	\$100
\$6,668 and above	\$2,500	\$100

Employees who discontinue contributions or who contribute less than the required amount per month for a period of one (1) month or more will no longer be eligible for the eighty-five dollars (\$85) Deferred Compensation Incentive. To reestablish eligibility, employees must again make a Base Contribution Amounts as set forth above based on current monthly salary. Employees with a break in deferred compensation contributions either because of an approved medical leave or an approved financial hardship withdrawal will not be required to reestablish eligibility. Further, employees who lose eligibility due to displacement by layoff, but maintain contributions at the required level and are later employed in an eligible position, will not be required to reestablish eligibility.

- B. Regular employees hired on and after January 1, 2009 will receive one hundred and fifty dollars (\$150) per month to an employee’s account in the Contra Costa County Deferred Compensation Plan or other tax-qualified savings program designated by CCCERA, for employees who meet all of the following conditions:
  1. The employee must be hired by CCCERA on or after January 1, 2009.
  2. The employee is not eligible for a monthly premium subsidy for health and/or dental upon retirement as set forth in Section 8.
  3. The employee must be appointed to a regular position. The position may be either full time or part time (designated at a minimum of 20 hours per week).
  4. The employee must have been employed by CCCERA or Contra Costa County for at

least 90 calendar days.

5. The employee must contribute a minimum of twenty-five dollars (\$25) per month to the Contra Costa County Deferred Compensation Plan, or other tax-qualified savings program designated by CCCERA.
6. The employee must complete and sign the required enrollment form(s) for his/her deferred compensation account and submit those forms to Human Resources.
7. The employee may not exceed the annual maximum contribution amount allowable by the United States Internal Revenue Code.
8. Employees are eligible to apply for loans from the Contra Costa County Deferred Compensation Plan loan program. For more information on the loan program refer to Human Resources.

**17. General Training**

CCCERA periodically provides training to employees on its harassment prevention and equal opportunity/discrimination policies. The purpose of these training sessions is to inform and remind employees of CCCERA's policies on these matters. These training sessions are mandatory.

Employees also receive safety training as part of CCCERA's Injury and Illness Prevention program.

**18. Other Job-Related Training**

Employees may request to attend training sessions on topics that are directly related to the employee's current job and that are likely to improve the employee's job knowledge and skills. Requests to attend training must be submitted to the employee's department manager. It is within the sole discretion of CCCERA whether or not to grant a training request.

**19. Professional Development Reimbursement**

To encourage personal and professional growth which is beneficial to both CCCERA and the employee, CCCERA reimburses for certain expenses incurred by employees which are related to an employee's current work assignment.

Expenses that may be eligible for reimbursement include certification programs and courses offered through accredited colleges, universities and technical schools.

Guidelines: Prior to registering for a course, the employee must provide appropriate information to Human Resources to begin the approval process.

If granted, reimbursement may be used to defray actual costs of tuition, registration, testing materials, testing fees and books only and is limited to \$2,000 per year.

Course attendance, study, class assignments and exams must be accomplished outside of the employee's regular working hours.

Reimbursement: Reimbursement will only be provided for course work in which the employee achieves a grade of C or better. Reimbursement will be provided only to employees who are employed by CCCERA at the time CCCERA receives evidence of satisfactory completion of the course or certification exam.

If the employee does not successfully complete the course or certification exam, no reimbursement will be provided.

Exceptions: For classifications which require a certification or technical license, CCCERA will reimburse the entire cost of certification fees and membership dues without reducing the maximum annual Professional Development Reimbursement amount.

**20. Salary**

Attached hereto as Attachment A, is the salary schedule for all classifications of unrepresented employees.

**21. Overtime**

Unrepresented employees who are exempt from the payment of overtime are not entitled to receive overtime pay, flexible compensatory, or overtime compensatory time.

Unrepresented employees who are non-exempt from the payment of overtime will receive overtime for hours worked in excess of 40 hours in the workweek and paid at a rate of time and one-half their hourly rate of pay.

**22. Differential Pay**

A. Longevity

Ten Years of Service:

Employees who have completed ten (10) years of service for CCCERA\* are eligible to receive a two and one-half percent (2.5%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the ten (10) year service award.

Fifteen Years of Service:

Employees who have completed fifteen (15) years of service for CCCERA\* are eligible to receive an additional two and one-half percent (2.5%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the fifteen (15) year service award.

Twenty Years of Service:

Employees in the General Counsel classification who have completed twenty (20) years of service for CCCERA\* will receive an additional two percent (2%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the twenty (20) year service award.

\*For employees hired prior to January 1, 2019 upon completion of required years of service for Contra Costa County and/or CCCERA will qualify.

**B. Certificate Differentials**

**NOTE:** No employee may receive more than one certificate differential at one time, regardless of the number of certificates held by that employee.

➤ **Accounting Certificate Differential**

Incumbents of unrepresented professional accounting, auditing or fiscal officer positions who possess one of the following active certifications will receive a differential of five percent (5%) of base monthly salary:

- (1) a Certified Public Accountant (CPA) license issued by the State of California, Department of Consumer Affairs, Board of Accountancy;
- (2) a Certified Internal Auditor (CIA) certification issued by the Institute of Internal Auditors;
- (3) a Certified Management Accountant (CMA) certification issued by the Institute of Management Accountants; or
- (4) a Certified Government Financial Manager (CGFM) certification issued by the Association of Government Accountants.

➤ **Associate of the Society of Actuaries (ASA)**

Employees who possess an active ASA certification will receive a differential of five percent (5%) of base monthly salary. Verification of eligibility for any such differential must be provided to Human Resources.

Resolution of the Board of Retirement  
 Contra Costa County Employees' Retirement Association

CCCERA Resolution for Salary and Benefits for Unrepresented Employees  
 (BOR Reso. No. 2021-3)

**Attachment A**

**Effective April 1, 2021**

*Revision Dates: 4/1/2021, 4/1/2020, 1/1/2020, 7/1/19, 4/1/19, 7/1/18, 7/1/17, 7/1/16, 2/1/16, 7/1/15, 1/1/15*

	Step 1	Step 2	Step 3	Step 4	Step 5	Eligible for Differential*				
						10 year Longevity	15 year Longevity	20 year Longevity	CPA, CGFM, CIA, CMA	ASA
						2.50%	2.50%	2.00%	5%	5%
<b>Hourly (Non-Exempt)</b>										
Executive Assistant	\$37.67	\$39.55	\$41.53	\$43.61	\$45.79	Yes	Yes	No	No	Yes
Information Technology Coordinator	\$39.55	\$41.53	\$43.61	\$45.79	\$48.08	Yes	Yes	No	No	Yes
Member Services Supervisor	\$45.79	\$48.08	\$50.48	\$53.01	\$55.66	Yes	Yes	No	No	Yes
Retirement Services Supervisor	\$45.79	\$48.08	\$50.48	\$53.01	\$55.66	Yes	Yes	No	No	Yes
<b>Monthly (Exempt)</b>										
Accountant	\$6,219	\$6,529	\$6,856	\$7,199	\$7,559	Yes	Yes	No	Yes	Yes
Accounting Manager	\$10,636	\$11,168	\$11,726	\$12,312	\$12,928	Yes	Yes	No	Yes	Yes
Accounting Supervisor	\$7,937	\$8,333	\$8,750	\$9,188	\$9,647	Yes	Yes	No	Yes	Yes
Administrative/HR Manager	\$10,383	\$10,902	\$11,447	\$12,019	\$12,620	Yes	Yes	No	No	Yes
Administrative/HR Supervisor	\$7,937	\$8,333	\$8,750	\$9,188	\$9,647	Yes	Yes	No	No	Yes
Communications Coordinator	\$7,379	\$7,748	\$8,135	\$8,542	\$8,969	Yes	Yes	No	No	Yes
Compliance Business Analyst	\$8,135	\$8,542	\$8,969	\$9,417	\$9,888	Yes	Yes	No	No	Yes
Deputy General Counsel	\$14,966	\$15,714	\$16,500	\$17,325	\$18,191	Yes	Yes	No	No	Yes
Information System Programmer/Analyst	\$7,559	\$7,937	\$8,333	\$8,750	\$9,188	Yes	Yes	No	No	Yes
Information Technology Manager	\$12,620	\$13,251	\$13,914	\$14,609	\$15,340	Yes	Yes	No	No	Yes
Investment Analyst	\$10,902	\$11,447	\$12,019	\$12,620	\$13,251	Yes	Yes	No	No	Yes
Investment Officer	\$15,340	\$16,107	\$16,912	\$17,758	\$18,646	Yes	Yes	No	No	Yes
Member Services Manager	\$10,383	\$10,902	\$11,447	\$12,019	\$12,620	Yes	Yes	No	No	Yes
Retirement Services Manager	\$10,383	\$10,902	\$11,447	\$12,019	\$12,620	Yes	Yes	No	No	Yes
<b>Monthly Salary Range (Exempt)</b>										
Chief Executive Officer	\$23,990.03					Yes	Yes	No	No	Yes
Chief Investment Officer	\$20,479 - \$26,623					Yes	Yes	No	No	Yes
Compliance Officer	\$10,585 - \$13,760					Yes	Yes	No	No	Yes
Deputy Chief Executive Officer	\$16,419 - \$21,344					Yes	Yes	No	No	Yes
General Counsel	\$18,101- \$23,531					Yes	Yes	Yes	No	Yes
Internal Auditor	\$10,585 - \$13,760					Yes	Yes	No	Yes	Yes
*NOTE: Certificate Differentials cannot be combined with other certificate differentials										

# Attachment B

## Health and Dental Coverage Monthly Premium Subsidy

Effective: January 1, 2019

CalPERS Health Plans - For 2019, CCCERA's employer monthly premium subsidy is a set dollar amount and is not a percentage of the medical plan premium charged by CalPERS. Below are the employer monthly premium subsidies provided for each medical plan for 2019 only:

CalPERS Health Plans	Employee Only	Employee & 1 Dependent	Employee & 2+ Dependents
	Employer Monthly Premium Subsidy	Employer Monthly Premium Subsidy	Employer Monthly Premium Subsidy
Anthem HMO Select	\$782.95	\$1,565.89	\$2,035.66
Anthem HMO Traditional	\$746.47	\$1,492.94	\$1,940.82
BSC Access +	\$746.47	\$1,492.94	\$1,940.82
HealthNet SmartCare	\$804.97	\$1,609.95	\$2,092.93
Kaiser Permanente	\$763.16	\$1,526.33	\$1,984.23
PERS Choice	\$746.47	\$1,492.94	\$1,940.82
PERS Select	\$543.19	\$1,086.38	\$1,412.29
PERSCare	\$746.47	\$1,492.94	\$1,940.82
Western Health Advantage	\$746.47	\$1,492.94	\$1,940.82

Delta Dental - For 2019 CCCERA's employer monthly premium subsidy is a set dollar amount and is not a percentage of the dental plan premium charged by Delta Dental. Below are the employer monthly premium subsidies provided for 2019:

Employee Only: \$46.21  
Employee and Spouse: \$103.72  
Employee and Children: \$103.41  
Family: \$169.38

Effective January 1, 2020, any change in the monthly medical plan premiums charged by CalPERS or the monthly dental plan premiums charged by Delta Dental in the plan year 2020 compared to the plan year 2019, will be shared equally by the employee and CCCERA. This change in monthly medical plan premiums or dental plan premiums will be added to or subtracted from the 2019 employer monthly premium subsidy listed in the table above.

# Virtual Trustees Round Table

 Register  Tell a Friend

Meeting Date  
**03/24/2021**  
Agenda Item  
**#10a.**



5/10/2021

Register

**When:** Monday, May 10, 2021  
9:00 am - 2:30 pm

*Online registration is available until: 5/10/2021*

**Where:** Online - zoom link to be sent out upon registration  
United States

**Contact:** CALAPRS  
[register@calaprs.org](mailto:register@calaprs.org)  
415-764-4860



[« Go to Upcoming Event List](#)

The meeting agenda will be posted in the [Round Table Group Forum](#) and distributed via email once available. Share your suggestions for discussion topics with [info@calaprs.org](mailto:info@calaprs.org).

*Featuring select, abbreviated sessions from CALAPRS' popular educational program for experienced public pension fund trustees*

## ABOUT THE PROGRAM

Public Pension Fund Trustees bear a heavy fiduciary burden. On a cumulative basis, California's Constitution holds our members' **350** Trustees accountable for the stewardship of more than **\$450** Billion in retirement fund assets. **40** California public pension systems belong to CALAPRS. For many years, Trustees of our member retirement systems have participated in CALAPRS' unique training programs presented exclusively for California public retirement system board members.

The Advanced course is about building trustee skills and strengthening board governance. Pension trustees have many opportunities to learn about the disciplines required to run a pension system: institutional investing, actuarial science, benefits law, etc. But another highly important area of knowledge is the business of being a trustee and of contributing to a well-functioning board. The **CALAPRS Advanced Principles of Pension Governance** course exposes veteran trustees to the most effective pension management thinking to help them enhance their service to their retirement systems.

To continue CALAPRS' mission of providing education for trustees during these unprecedented times, we have arranged with our faculty of subject-matter experts to present abbreviated versions of several key educational topics from this program in an online format in June 2021.

It is our hope that those who attend the online program this year will be able to join us next year as well, to experience the full educational program and the full agenda of important topics and networking that are offered in-person at UCLA Luskin Center in Los Angeles, CA.

## PARTICIPANTS | WHO IS RIGHT FOR THE PROGRAM?

The program is designed for an experienced group of trustees. Trustees should have already acquired a basic understanding of board governance practices, actuarial and investment principles, and fiduciary responsibility. The CALAPRS Principles of Pension Governance program held at Pepperdine University is an excellent primer, but is not a prerequisite to attend this program.

## THE VIRTUAL PLATFORM | HOW TO PARTICIPATE

The program will be held using the Zoom Meeting platform and attendees will need to participate using their computer or mobile tablet in order to access the visual portion of the sessions. Audio may be accessed by dialing in by phone or through computer audio using the Zoom platform. Detailed access instructions will be sent to each participant one week prior to the program.

CALAPRS plans to make this course interactive and allow attendees the option to enable their audio and video and participate actively in the discussion. In addition, a chat box will be available for attendees to communicate with each other in writing, as well as a written Q&A feature to submit questions directly to the presenters.

## **CURRICULUM | YOUR COURSE OF STUDY**

Course attendees will hear from and discuss issues with top-level presenters in the areas of board/staff roles, governance, investment principles, economic forecasting and actuarial science.

### **Monday, June 7, 2021**

8:30-9:00am ***Welcome & Introductions*** – Mark Hovey, Course Facilitator

9:00am-11:00am ***Policy-Focused Boards*** – Tom Iannucci, Cortex Consulting

*Policy-focused Boards* will provide attendees with a unique board-level perspective on the public pension business. Using interactive discussions and case studies, attendees will learn and discuss:

- Fiduciary and organizational risks and how to mitigate them through board-level policy;
- Discuss obstacles to board effectiveness and strategies for overcoming them;
- Discuss optimal board and staff roles, accountabilities and delegation of authority;
- Effective strategic and business planning practices

### **Wednesday, June 9, 2021**

8:30-10:00am ***Economics Update & Forecast*** – Dr. Jerry Nickelsburg, Professor, UCLA Anderson School of Management

As we have now entered the second year of the COVID19 pandemic, the need for good forecasts of the future of the national, state and local economies becomes more important. However, the uncertainty surrounding the post-COVID world makes such forecasting all the more difficult. Will people return to the city? What about offices? How soon will government revenues recover? Using “similar as economic inference” and lessons from the 2006-2008 housing debacle will help us understand how to tap into that uncertainty to develop better forecasts. The economic outlook for the US and California are an illustration of navigating heightened uncertainty in an organized way in order to make better decisions, and to have a road map to changing those decisions.

10:00-11:00am ***Good Governance and the Investment Team*** – Steve Sexauer, Chief Investment Officer, San Diego County Employees’ Retirement Association

Your actuary teaches the pension equation as  $C + I = B + E$ . What is the role of “I”? How is that role accomplished? This session will share the investment theory that underpins pension investments, and why we see consistent evidence that most public pension plan returns are below that of a simple 60% stock-40% bond fund. We’ll also review how to ensure the Investment team skills, size, and work assignments are aligned with the goals of “I.”

### **Friday, June 11, 2021**

8:30-10:00am ***Advanced Actuarial Principles*** – Paul Angelo, Senior VP & Actuary, Segal & Todd Tauzer, VP & Actuary, Segal

- Focus on the two actuarial policy and decision areas for trustees: assumptions and funding policy
- Consider recent trends in public plan discount rates and why that topic is still controversial
- Review the three components of funding policy and then drill down on how to pay off the unfunded liability

10:00-11:00am ***Tying It All Together: Program Takeaways*** – Mark Hovey

## **REGISTRATION**

Registration is open to any current trustee from a CALAPRS member retirement system. Registration is open online at [www.calaprs.org](http://www.calaprs.org) and must be submitted by May 31, 2021.

Pricing to attend the full virtual program (all 3 days) is \$650 per trustee.

Register now at [www.calaprs.org/events](http://www.calaprs.org/events)

## **Questions?**

Contact [register@calaprs.org](mailto:register@calaprs.org) or 415-764-4860 and a member of the CALAPRS staff will be happy to assist you.

## INCOME TAX REMINDERS

### *Retirees and Payees*

As we enter tax season, CCCERA wants to remind retirees about their right to increase, decrease, start or stop federal and/or state income tax withholding from their monthly retirement benefit.

If you reside in the United States, you are not required to have federal tax withheld from your monthly payments; however, if you choose to exempt yourself from withholding, you may need to pay any required taxes through other methods, such as quarterly installments. Please note, there is mandatory withholding on pension payments delivered outside the United States.

### **When can I change my tax withholding?**

Changes can be made at any time by submitting the *Withholding Certificates for Pension Payments Form* (Form 210), available at [cccera.org/forms](http://cccera.org/forms).

This form allows you to:

- Discontinue federal/state income tax withholding from your monthly retirement allowance.
- Withhold federal/state income tax based on a set number of allowances, and a specific marital status.
- Withhold a specific amount from your monthly pension payment (California state tax only).
- Withhold an additional amount from each monthly pension payment.

Changes received before the 15<sup>th</sup> of each month will be effective the following month.

If your current withholding elections are good, they will remain in effect and no action is required. If your withholding and estimated tax payments do not adequately meet your tax liabilities, penalties under the estimated tax rules may apply.

### **What about state taxes?**

Monthly payments made to CCCERA retirees living in California are subject to California income tax. CCCERA payments to retirees living outside of California may not be subject to California income tax, but may be taxable based upon the state that you reside. CCCERA will continue to withhold California income tax until directed otherwise. Check with a tax professional, the State of California Franchise Tax Board or your state department of revenue for information on your individual tax situation as CCCERA cannot give personal tax advice to members.

### **Did you receive two 1099-R tax forms?**

There are two reasons why you may receive two 1099-R tax forms for the 2020 tax year:

- You turned 59½ during 2020 — one 1099-R reflects the payments to you for part of the year that you were under 59½ and the second 1099-R reflects the payments to you for part of the year that you were over 59½.
- You retired under the age of 59½ and returned to work for your employer within 90 days of your retirement date for part of the year.

# COLA EFFECTIVE APRIL 1

## Retirees and Payees

CCCERA retirees and their survivors will receive a 2021 cost-of-living adjustment (COLA) in their monthly benefit effective April 1, 2021. The new amount will be reflected in the May 1, 2021 benefit payments.

The Retirement Board voted to adopt the COLA presented by Segal Consulting, CCCERA's actuary, at the January 27, 2021 board meeting. The COLA applies to every retirement allowance, optional death allowance and survivor allowance effective on or before March 31, 2021.

Your COLA increase is based on several factors:

- San Francisco-Oakland-Hayward area CPI (Consumer Price Index)
- Your COLA Bank
- Your retirement tier
- Your date of retirement

Under the County Employees Retirement Law (CERL), there is a cap on the amount CCCERA may increase your benefit. If the inflation rate (measured by the change in CPI) is higher than this cap, the remainder is banked, then applied if the change in a future CPI is lower than the cap. This helps stabilize the COLA from year to year. The percentage CCCERA can increase your benefit is determined by the law that applies to your retirement tier.

The COLA helps maintain the value of pension payments in terms of purchasing power. If the annual cost of living goes up, retirees see an increase in their benefit. However, if the cost of living goes down, the COLA may decrease your benefit payment. The cost-of-living factor used by CCCERA is determined by comparing the December CPI for the San Francisco-Oakland-Hayward area over the past two years (2020 and 2019), and rounding the change to the nearest one-half of one percent.

## 2021 COLA Adjustments

Retirement Tier	COLA
<b>Tier 1</b> <sup>1</sup>	
<b>Tier 3</b> <sup>1</sup> (Service Retirement Only) <sup>1</sup>	
<b>Tier 4</b> <sup>1</sup> (3% Maximum (Max.) COLA) <sup>1</sup>	
<b>Tier 5</b> <sup>1</sup> (Service Retirement Only with 3% Max. COLA)	
<b>Safety Tier A</b> <sup>1</sup>	
<b>Safety Tier D</b> <sup>1</sup>	
<b>For the above tiers, if you:</b>	
• Retired on or before 4/1/1982 to 3/31/2019	3.0%
• Retired 4/1/2019 to 3/31/2021	2.0%
<b>Tier 2</b> <sup>2</sup>	2.0%
<b>Tier 3</b> <sup>2</sup> (Disability Retirement Only)	2.0%
<b>Tier 5</b> <sup>2</sup> (Disability Retirement Only with 4% Max. COLA)	2.0%
<b>Tier 4</b> <sup>3</sup> (2% Max. COLA)	2.0%
<b>Tier 5</b> <sup>3</sup> (2% Max. COLA)	2.0%
<b>Safety Tier C</b> <sup>3</sup>	2.0%
<b>Safety Tier E</b> <sup>3</sup>	2.0%

COLA provisions in CERL are determined by the following Government Codes: <sup>1</sup>Gov. Code 31870.1; <sup>2</sup>Gov. Code 31870.3; <sup>3</sup>Gov. Code 31870.

Estimate your 2021 monthly retirement benefit

- 1** Enter your most recent monthly gross amount. Find this amount on your latest pay advice (see example, below). \$ \_\_\_\_\_  
Example: \$ 1,100

Gross Pay		
DESCRIPTION	CURRENT	YTD
Pension-Tier 1	\$1000.00	\$2000.00
Tier 1 Cost of Living	\$ 100.00	\$ 200.00
<b>TOTAL</b>	<b>\$1,100.00</b>	<b>\$ 2,200.00</b>

- 2** Enter the decimal form of your COLA percentage for 2021 (see 2021 COLA Adjustment table, above), plus 1.00. \_\_\_\_\_

For example, a 2% COLA is expressed as 0.02. You would take that 0.02 and add 1.00 — making the total 1.02. Likewise, for a 3% COLA, you would use 1.03. Example: 1.02

- 3** **Multiply** line 1 by line 2 and enter the result here. This is your estimated 2021 monthly retirement benefit, beginning May 1, 2021. \$ \_\_\_\_\_  
Example: \$ 1,122

## UPDATE YOUR INFORMATION

*Retirees and Payees, Active Members*

### Beneficiary Designation

Consider updating your beneficiary after a life change such as a marriage or divorce:

- Retirees can update their beneficiary by submitting a *Retiree Change of Beneficiary Designation* (Form 206).
- Active members should submit a *Beneficiary Designation Form* (Form 102).

### Address Changes and EFT

To update your address or electronic funds transfer:

- Retirees and payees must submit the *Member Mailing Address Change Form* (Form 301) or the *Electronic Funds Transfer Form* (Form 209).
- Active members must update their address with their employer.

### Important Documents

Retirees and payees should consider mailing copies of important documents such as current identification cards and power of attorney to CCCERA, as they can affect the timeliness of your benefit.

### Tax Forms

Please refer to your latest retirement benefit advice, statement or check for your tax withholding elections. Changes can be made at any time by submitting the *Withholding Certificates for Pension Payments Form* (Form 210).

### Where can I find forms?

All forms are available at [cccera.org/forms](http://cccera.org/forms). While CCCERA's office is closed to the public, forms may be submitted electronically. However, please note that original forms are still required to be mailed in (originals cannot be photocopied or submitted electronically).

## RETIREMENT PREPARATION

*Active Members*

Prospective retirees should consider these steps:

1. Visit [cccera.org](http://cccera.org) to use our pension calculator, read the benefit handbook, find information on reciprocity, and watch our videos.
2. Review your annual benefit statement; this document contains information about your tier, years of service and beneficiaries.
3. Streamline your retirement by mailing CCCERA applicable copies of marriage certificates, marriage dissolutions, your beneficiary(ies) and your own birth certificate or passport, Social Security cards, and Secretary of State Domestic Partnership Certificates. These documents are required to process your benefit or lump sum payment at termination.
4. Attend a (virtual) Pre-Retirement Workshop (see dates on the next page).

And five, call us with any questions!

## CURRENT OPERATIONS

*Retirees and Payees, Active Members*

The CCCERA office is closed to the public at this time. We continue to perform all business functions and provide retirement services to our members. You may call or email the office. Staff is available by phone during the following hours.

### Limited Phone Hours

Monday through Thursday  
9 a.m. to 2 p.m.  
(Closed between noon and 12:30 p.m.)

If you have any questions outside of these hours, please leave us a voicemail at (925) 521-3960 or email us at [info@cccera.org](mailto:info@cccera.org). For continuing updates on our current operations, please visit [cccera.org/coronavirus](http://cccera.org/coronavirus).



Contra Costa County Employees' Retirement Association

1200 Concord Avenue, Suite 300, Concord, CA 94520  
Phone: (925)521-3960 Fax: (925)521-3969 [cccera.org](http://cccera.org)

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### NEED A DIFFERENT LANGUAGE?

If you are interested in receiving this newsletter in a different language, please email [info@cccera.org](mailto:info@cccera.org).

## 2021 CALENDAR DATES

### UPCOMING CLOSURE SCHEDULE

**May 31**  
Memorial Day Holiday

### VIRTUAL PRE-RETIREMENT WORKSHOPS

Due to the shelter-in-place, in-person workshops are on hold, and are now offered virtually. Sessions are available year-round to all members but the Pre-Retirement Workshop is particularly helpful for those planning to retire within five years. Visit [cccera.org/retirement-counseling](http://cccera.org/retirement-counseling) to see when the next workshops are scheduled. Reservations are required and fill up fast; please call CCCERA to sign up.

### UPCOMING BOARD MEETINGS

**February 24, 2021**      **March 10, 2021**  
**March 24, 2021**      **April 14, 2021**  
**April 28, 2021**      **May 5, 2021**

### 2021 RETIREE PAYROLL DATES

Month	Pay Date	Month	Pay Date
January	February 1	July	August 2
February	March 1	August	September 1
March	April 1	September	October 1
April	May 3	October	November 1
May	June 1	November	December 1
June	July 1	December	January 3

### NOTICE

*This newsletter is intended to provide members with general information about the benefits available through CCCERA, but it does not describe every plan provision in detail. CCCERA is governed by the County Employees Retirement Law of 1937 (CERL, Government Code Section 31450 et. seq.) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The laws governing public retirement systems are complex. If conflict arises between this newsletter and the law, the law shall govern.*

**CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION**  
**PENDING PROPOSALS – April 14, 2021**

LAFCO APPLICATION	RECEIVED	STATUS
LAFCO No. 16-06 - Tassajara Parks Project: proposed annexations to CCCSD and EBMUD of 30± acres located east of the City of San Ramon and the Town of Danville	May 2016	Currently incomplete
LAFCO No. 16-07 -Tassajara Parks Project: proposed SOI expansions to CCCSD and EBMUD of 30+ acres located east of the City of San Ramon and the Town of Danville	May 2016	Currently incomplete
LAFCO 20-07 – Laurel Place II, Subdivision 9389 – proposed annexation to City of Concord of 3.58± acres located at Myrtle Drive and Bailey Road	August 6, 2020	Under review
LAFCO 21-01 – City of Concord Out of Agency Service (1974 Ayers Road)	March 5, 2021	Under review
LAFCO 21-02 – Byron-Bethany Irrigation District (BBID) – Lawrence Annexation – proposed annexation to BBID of 92.8± acres	March 31, 2021	Under review

## East Bay Times

# Developer who wants to build in south Antioch sues to toss Measure T

## Environmentalists say city should honor growth-control measure approved by 79% of voters



ANTIOCH, CA – MARCH 08: A portion of the Sand Creek Focus Area is seen from this drone view near Empire Mine and Mesa Ridge Roads in Antioch, Calif., on Monday, March 8, 2021. Development is being proposed in the area. (Jane Tyska/Bay Area News Group)

By [Judith Prieve](mailto:jprieve@bayareanewsgroup.com) | [jprieve@bayareanewsgroup.com](mailto:jprieve@bayareanewsgroup.com) | Bay Area News Group

PUBLISHED: March 19, 2021 at 2:50 p.m. | UPDATED: **March 20, 2021** at 3:46 a.m.

ANTIOCH — A growth-control ballot measure that voters overwhelmingly approved in November to limit development in the city's southernmost border will be challenged in court.

Oak Hill Park LLC has filed a lawsuit in Contra Costa County Superior Court contending Measure T is illegal because it reduces the number of homes allowed, thereby violating state Senate Bill 330. That bill, also known as the Housing Crisis Act of 2019, aims to fight the state's housing crisis by restricting local governments' authority to block residential developments through Jan. 1, 2025.

Measure T, also known as Let Antioch Voters Decide, was passed by 79% of the city's voters. It seeks to preserve open space, ridges, hills, streams and wildlife habitat at Antioch's southern border and to preserve the city's urban limit line so growth cannot occur beyond it.

Measure T limits development on about 1,850 acres in the Sand Creek Focus Area from Deer Valley Road west to Black Diamond Mines Regional Park. Endorsed by the City Council in 2018, the measure reduces the number of homes allowed in that area from 4,000 to 2,100. It also restricts development in Oak Hill Park's southwestern, 418-acre area that now can only be used for rural and open space purposes.

"We knew there would be a challenge (to Measure T), but we knew politically we'd be in a better position if we had had clear mandate, and 79 percent (approval) is a pretty clear mandate," Save Mount Diablo conservation director Seth Adams said about the ballot measure.

Save Mount Diablo, which has argued that the Sand Creek Focus Area contains "the prettiest three miles in Antioch" and is a rare plant and animal habitat, has fought for decades to preserve the land.

"We qualified our initiative (Measure T) before SB 330 was passed," Adams said, noting the new state bill has not been challenged much in court yet.

Oak Hill Park representatives would not comment, saying through their attorney, Kevin Collins of Buchalter APC, they "do not comment on current litigation."

In its suit, Oak Hill Park said Measure T violates SB 330 because "the city cannot modify its land-use regulations in a way that would lessen or prohibit housing development."

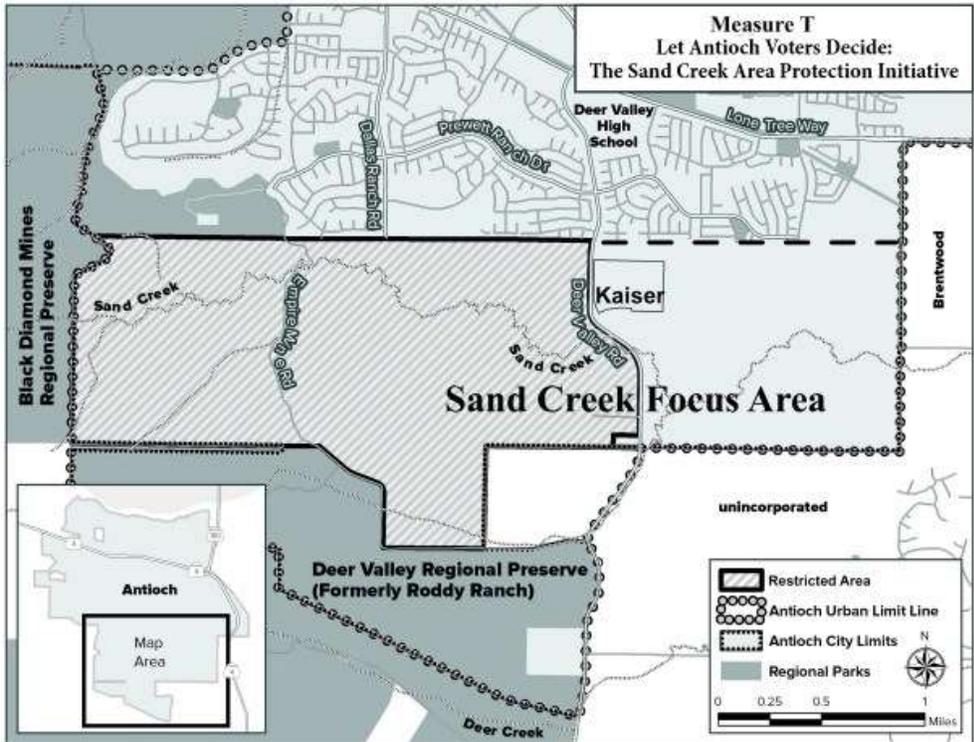
Signed into law a month before the Nov. 3 election, SB 330 significantly limits cities and counties' powers to enact ordinances or policies that hinder housing projects.

Oak Hill Park contends the bill effectively locks in all housing policies and zoning and planning regulations that were in effect on Jan. 1, 2018. "Any downsizing of land designated for residential uses below what was effective on that date is illegal," the developer's suit contends.

Because Measure T limits development, it amounts to "an unlawful taking of property without just compensation," according to the suit.

Before Measure T passed, Oak Hill Park had filed a pre-application with the city for 370 senior and executive homes, and attorneys argue those should still be allowed because they comply with the city's planning regulations at the time.

The lawsuit further asks the city of Antioch to nullify Measure T, saying "there is no possible way of preserving any portion" of the initiative because "its sole purpose is to restrict development in the city and redesignate land available for residential development as open space in the western portion of the Focus Area."



Measure T locks in Antioch’s urban limit line and reduces the total number of homes permitted in the Sand Creek Focus Area. Also, in the focus area west of Deer Valley Road, it restricts development to one home per 80 acres and impose creek and hillside protections. (Map courtesy of Save Mount Diablo.)

The city did not respond to several requests for comment. Earlier this month, an outside counsel for the city sent a letter to the Department of Housing and Community Development seeking review of the initiative to determine whether Measure T complies with SB 330. That letter was included in the developer’s lawsuit.

Save Mount Diablo attorneys sent a letter asking city officials “to defend the measure and implement the voters’ will,” noting it’s the city’s duty to do so.

In that letter, attorney Robert Perlmutter also said Save Mount Diablo believes there’s ample land in the Sand Creek Focus Area so any reduction in development potentially caused by Measure T could be offset by increasing residential development east of Deer Valley Road.

“There are a variety of things the city can do regardless of this lawsuit to enact the will of the voters,” Adams said.

“We have been fighting over land in Antioch for over 20 years and there’s ups and downs along the way but the trends have been in our direction,” he said.

# Developer Responds To City Council Rejection Of Proposed 252-Home Subdivision West Of Hwy 4

Bay City News Service  
March 10, 2021

By Chris Campos  
Bay City News Foundation

In a rare defeat for Discovery Builders, the Brentwood City Council unanimously denied its proposed 252-home Bridle Gate subdivision west of state Highway 4 in a meeting Tuesday night.

The project has been under consideration for the past 20 years and once was approved for 166 homes in 2006 but had its permits expire before construction could begin. The proposal was resubmitted in 2017 with up to 510 homes proposed, along with multi-unit affordable housing and commercial acreage.

Following hearings, the city's Planning Commission raised a number of objections to aspects of the project, including housing density, traffic, protection of Sand Creek, noise, and impact on fire district resources. Discovery Builders then cut the number of homes to between 252 and 310, eliminated the multi-unit affordable housing element and the commercial acreage.

Local environmentalist groups, including Save Mount Diablo, filed objections to the project and a 700-signature petition opposing the subdivision was presented to the Planning Commission.

Juan Pablo Galvan of Save Mount Diablo said Wednesday, "We hope Brentwood takes this opportunity to protect its natural resources and increase the public benefits of proposed projects. Other cities should take note that residents are paying attention. Developers that rely on litigation, intimidation and threats do not make good partners."

Galvan's group had submitted objections to the project's impact on the adjacent Sand Creek.

Discovery Builders stated just before the council meeting that he would withdraw language in the proposal threatening to sue over the fire impact fees.

Discovery Builders, guided by CEO Albert Seeno III, has a long and checkered history of development in Contra Costa County. The city of Pittsburg approved the company's proposed 1,500-home Faria/Southwest Hills project in February. Brentwood has been a frequent political battleground over housing development with one initiative for west Brentwood expansion, Measure L, failing in November 2019.

At the start of the council discussion Tuesday night, Councilmember Karen Rarey told the public "Well, buckle your seatbelts," as the council peppered city staff and Discovery representative Louis Parsons with challenges to the project's impact on local school and fire district.

"All of our schools are at capacity," Rarey said while questioning if the school site allocation would be sufficient to serve the added student population. Other council members questioned the current lack of affordable housing construction, the slim park acreage and lack of traffic improvements. The developer was proposing to pay in-lieu fees rather than actually build affordable single-family units and also proposed counting "additional dwelling units" or ADUs as affordable housing.

Scores of residents expressed objections to the project during the public comment session, while a number of union representatives voiced their support.

Summarizing a list of objections from the council, the city clerk cited lack of compatibility with the General Plan, violations of land use policies, lack of affordable housing, noise impacts, potential flooding of parks and high housing density in finalizing a motion to deny the project's application.

After more than six hours, the council voted 5-0 to deny the project.

On Wednesday, Parsons responded to the vote by saying, "We were surprised at the decision by the City Council given that city staff recommended approval of the project. We also had an agreement with Brentwood Unified School District to provide them a new elementary school site, but it is clear that the City Council did not want or support the school site being incorporated into our project. We are going to re-assess things and put together a revised application for review and consideration by the city."

[https://www.thepress.net/news/delta-study-examines-climate-change-effect/article\\_b266cc78-717f-11eb-bfe7-8f3986c50688.html](https://www.thepress.net/news/delta-study-examines-climate-change-effect/article_b266cc78-717f-11eb-bfe7-8f3986c50688.html)

EDITOR'S PICK

## Delta study examines climate change effect

Tony Kukulich

Feb 18, 2021



Press file photo

According to a new study by the Delta Stewardship Council, global warming could present the largest future threat to the Delta.

For the better part of the last two centuries, the Sacramento-San Joaquin Delta has been modified in any number of ways to meet the demands of Californians.

But a new wide-ranging study looks at what might be the most serious Delta threat that doesn't come in the form of an excavator – global warming.

“Delta Adapts: Creating a Climate Resistant Future” was released by the Delta Stewardship Council (DSC) with an overarching goal of building climate resilience in the Delta by improving the understanding of the region’s vulnerabilities to worldwide climate change. The DSC is seeking public comments on the report. Comments will be accepted until March 16.

“We recognized that we needed to study the climate change effects on the Delta specifically,” said Harriet Ross, assistant planning director for the DSC. “There have been a lot of studies that have been done regarding climate change on a particular asset or resource or a particular part of the Delta, but never comprehensively included the entire legal Delta and Suisun Marsh. This is the first climate change study that covers this large study area. We’re looking at it more holistically, regionally and comprehensively ”

The 199-page vulnerability assessment is the first of two planned phases. Work on the second phase, adaption, is expected to begin shortly and be completed in about a year. Once complete, it will detail strategies and tools that governments and other agencies can use to help communities and ecosystems thrive in the face of climate change, while protecting critical infrastructure and economic assets.

“The Delta environment is pretty important,” said Roger Mammon, an Oakley resident and secretary of Restore the Delta. “I think the study is important, and it got a lot of young people involved.”

An estimated 27 million Californians depend on the Delta for at least a portion of their drinking water. Water from the Delta is the life blood for much of the state’s \$3 trillion economy including the critical agriculture sector. Given the importance of the Delta, the findings of the vulnerability assessment are concerning.

“Climate change is already altering the physical environment of the Sacramento-San Joaquin Delta and Suisun Marsh, and we will continue to experience its effects through hotter temperatures, more severe wildfires and prolonged droughts,” reads the report’s executive summary. “Over the long term, climate change in the Delta is expected to harm human health and safety, disrupt the economy, diminish water supply availability and usability, shift ecosystem function, compromise sensitive habitats, and increase the challenges of providing basic services. Many of these impacts will disproportionately affect vulnerable communities.”

Among the report's key findings are that flooding will continue to worsen. By 2050, 10% of the Delta's population and 33% of Delta land will be exposed to flooding from a 100-year flood event, which is a severe type of flood that has a 1% chance of occurring in any given year.

By 2085, significant flood exposure will increase to 21% of Delta residents and 68% of Delta land. Additionally, the report finds that Delta water exports will be less reliable as dry years become drier, wet years become wetter and years with average rainfall become less frequent.

Noting the report's finding, Kathryn Phillips, director of Sierra Club California, questioned the logic of the \$15.9 billion Delta Conveyance Project that proposes the construction of a tunnel through the Delta to improve the reliability of water delivery to the Central Valley and Southern California.

"The report notes that climate change will significantly reduce river flows off the Sierra snowpack and into the Delta," wrote Phillips. "In other words – our words – there won't be water to capture upstream of the Delta to send elsewhere in a climate changed world. Better to invest in local and regional projects to reduce, conserve and recycle."

The DSC also noted that there appears to be an inherent social inequity in the effects of climate change in the Delta. Residents who lack a vehicle will have trouble evacuating in the event of a major flood, while extreme heat days will disproportionately affect people who work outdoors, older adults, people with chronic illness and those experiencing homelessness.

"Climate change does not affect everyone equally," Ross said. "People with resources are able to adapt to climate change, while people without resources or with limited resources can't adapt as well."

Public workshops to discuss the planning for the adaptation phase of Delta Adapts are planned for Feb. 25. and March 1.

"Climate change is here, and it's happening," Ross said. "We're going to have to understand exactly how those impacts are going to play out in our communities. We all have a part in addressing how we respond to those impacts. That's our call to action, to get folks involved in our process. Climate change is happening, no matter what. It's going to take everyone at the federal, state and local government, as well as the general public, to pitch in together and come up with a strategy that works."

The Delta Adapts report can be found at [http://bit.ly/thepress\\_DeltaAdapts](http://bit.ly/thepress_DeltaAdapts). Comments can be emailed to the DSC at [climatechange@deltacouncil.ca.gov](mailto:climatechange@deltacouncil.ca.gov). For more information on the Delta Stewardship Council, visit <https://deltacouncil.ca.gov/>. Information on Restore the Delta can be found at [www.restorethedelta.org](http://www.restorethedelta.org).

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**Tony Kukulich**

Staff Photographer/Writer

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# Frazier Bill Would Dissolve Los Medanos Community Healthcare District

written by [ECT](#) Mar 9, 2021

If approved by the legislature and signed by the Governor, a [bill](#) introduced by Assemblyman **Jim Frazier** (D-Fairfield) would dissolve the Los Medanos Community Healthcare District by February 1, 2022.

This comes after a 2017-18 Contra Costa County Grand Jury Report recommended dissolving the district as it pays more in administrative costs than it does administering grants. In 2019, **Lamar Thorpe**, who is now the Mayor of Antioch, was appointed as the Executive Director of the Los Medanos Community Healthcare District. According to a [District agreement](#), he is making \$96,000 per year.

According to the [13-page Grand Jury Report](#):

- The Grand Jury also found LMCHD grant program administrative expenses are high compared to the amount spent on For example, in FY2016-2017, LMCHD spent 40% of its revenue on grants and 36% administering those grants, with the remaining 24% going to reserves. LMCHD's FY2017-2018 budget allocates 42% for grant programs, and 51% for grant program administration.
- The FY2017-2018 budget shows a general fund revenue of \$1.0 million. Of that amount, \$0.5 million is allocated to administrative overhead, \$0.4 million to community health programs, and \$0.1 million to reserves.
- The Grand Jury found no evidence that LMCHD collaborated with the County, non-profit hospitals, or other local entities to avoid duplication of services. Several organizations received grants from both the County and This duplication of services occurred because the County grant administrator, Keller Canyon Mitigation Fund, supports some of the same programs funded through LMCHD. If the County were to assume administration of LMCHD grant programs, there would be no duplication of administrative expenses because the County grant process is already in place.
- LMCHD receives nearly all its annual revenue from property taxes. It uses this revenue to pay for program and wellness grants, as well as administrative expenses.

In 2017, the Contra Costa County Board of Supervisors voted 5-0 to dissolve the District with Supervisor **Federal Glover** [stating](#) the time for a health care district board of directors has come and gone. LAFCO has also rejected the bid for the District to stay open, however, a judge allowed it. Meanwhile, the hospital closed in 1994.

The [District](#) services Antioch, Bay Point, Clayton, Concord, Pittsburg and other local communities within the county.

Frazier's bill ([AB 903](#)), which he has not responded to a request for comment, aims to put this debate to rest through State Law.

AB 903 would:

*Require the dissolution of the Los Medanos Community Healthcare District, as specified. The bill would require the County of Contra Costa to be successor of all rights and responsibilities of the district, and require the county to complete a property tax transfer process to ensure the transfer of the district's health-related ad valorem property tax revenues to the county in order to operate the Los Medanos Area Health Plan Grant Program. By requiring a higher level of service from the County of Contra Costa as described above, the bill would impose a state-mandated local program.*

According to the Bill:

**CHAPTER 11. Los Medanos Community Healthcare District Dissolution 32499.6.**

(a) The Los Medanos Community Healthcare District shall hereby be dissolved, **effective February 1, 2022.**

(b) The County of Contra Costa shall be the successor to the district. All assets, rights, and responsibilities of the district are transferred to the county as the successor of the district. As of the effective date of dissolution, the county shall have ownership, possession, and control of all books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, land, and other assets and property, real or personal, owned or leased by, connected with the administration of, or held for the benefit or use of the district. Accounts payable and all other contract obligations shall be transferred to the county.

(c) The county shall complete all of the following by the effective date of dissolution:

(1) The county board of supervisors shall **form a Los Medanos Health Advisory Committee** that reports directly to the county board of supervisors and shall develop and conduct the Los Medanos Area Health Plan Grant Program focused on comprehensive health-related services. The county board of supervisors shall appoint five members to the Los Medanos Health Advisory Committee. The Los Medanos Health Advisory Committee shall:

(A) Develop an area health plan that identifies major health disparities impacting residents in the district's territory and identify priorities for improving health outcomes.

(B) Solicit proposals from service providers interested in participating in the Los Medanos Area Health Plan Grant Program and that are capable of addressing the priorities in an adopted health plan.

(C) Monitor the efficacy of the programs to which grants are made.

(D) Report to the county board of supervisors not less than once a year on the execution of a health plan and the status of the grant program.

(2) The county board of supervisors shall commence and complete a property tax transfer process as outlined in Article 5 (commencing with Section 99) of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code to transfer the district's health-related ad valorem property tax revenues to the county.

(3) The county board of supervisors shall direct the auditor-controller to establish a new special fund for the county treasure to track the receipt and disbursement of ad valorem property tax revenues received by the county pursuant the property tax transfer process.

(4) The Los Medanos Area Health Plan Grant Program shall be funded by ad valorem property tax funds received by the county as a result of the dissolution of the district and any other funds made available to the program.

(5) The county shall accept all real and personal property, books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgements, and all other assets and obligations transferred from the district in "as-is" condition, without any payment or repair obligations from the district.

**SEC. 2.**

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances surrounding the Los Medanos Community Healthcare District.

**SEC. 3.**

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.



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# LAND USE DEVELOPMENTS

## Game Changer: Public Agency Cannot Mandate Payment of Attorney Fees Under Indemnity Agreement Without Specific Statutory Authority

By Bryan W. Wenter, AICP on March 8, 2021

In a low-profile but important new decision, *San Luis Obispo Local Agency Formation Commission v. City of Pismo Beach*, \_\_ Cal.App.5th \_\_ (2021) (Case No. B296968), the Second District Court of Appeal affirmed a trial court decision and held that the Cortese-Knox-Hertzberg Act (Gov. Code § 56000 *et seq.*) does not authorize a local agency formation commission (“LAFCO”) to require an indemnification agreement or to require the payment of attorney fees based on such an agreement.

The case arose in connection with the development of a housing project consisting of 252 single-family residences and 60 senior housing units in Pismo Beach. After the City approved the project, the City and developer applied to the San Luis Obispo LAFCO to annex the property. The SLO LAFCO application contained an indemnity agreement that provided, among other things, “This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys’ fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application.” For reasons not explained in the opinion, LAFCO denied the application.

The City and developer sued LAFCO, but LAFCO prevailed and presented a bill to the City and developer for more than \$400,000 in fees and costs on the basis of Government Code section 56383. Section 56383 authorizes the commission to establish a schedule of fees and a schedule of service charges and specifies that the fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged and the service charges shall not exceed the

cost of providing the service for which the service charge is charged. The City and developer refused to pay, and LAFCO sued to recover its costs based on the indemnity provision contained in the annexation application.

LAFCO made three arguments:

- the indemnity agreement is a valid contract provision;
- it is allowed to require the indemnity agreements because the Cortese-Knox-Hertzberg Act allows LAFCOs to establish a schedule of fees and service charges; and
- it has the implied power to require the indemnity agreement.

The Court of Appeal quickly dispatched with each of LAFCO's arguments.

Reciting basic contract principles, the Court noted that a contract requires consideration, which consists of either a benefit to the promisor or a detriment to the promisee. A promise to do something the promisor is legally bound to do is not consideration. The Court rejected LAFCO's argument that the indemnification agreement is given in consideration for not requiring anticipated attorney fees to be paid as part of the application fee at the beginning of the process. Recognizing that LAFCO has a statutory duty to accept all completed applications and to review and approve or disapprove the application, the Court held that LAFCO gave no consideration in exchange for the indemnity agreement.

Addressing the Cortese-Knox-Hertzberg Act, the Court noted that the fees and charges shall be imposed pursuant to the requirements of the Mitigation Fee Act. The Court pointed out that LAFCO did not comply with the Mitigation Fee Act and explained that "when a statute mandates a particular procedure, it does not imply that the procedure may be avoided by inserting a provision in an application form." The Court also explained that the Cortese-Knox-Hertzberg Act contemplates that the fees and charges it authorizes will be limited to those necessary to the administrative process, not to post-decision court proceedings. "No matter how broadly construed," according to the Court, "nothing in the [Cortese-Knox-Hertzberg Act] authorizes the indemnity agreement."

And addressing LAFCO's implied power argument, the Court turned to Code of Civil Procedure section 1021, which provides:

"Except as attorney's fees are specifically provided for by statute, the measure and mode of

compensation of attorneys and counselors at law is left to the agreement, express or implied, of the parties; but parties to actions or proceedings are entitled to their costs, as hereinafter provided.”

The Court recognized the critical constraint contained in section 1021 and held that “attorney fees in post-decision court proceedings are not ‘specifically provided for by statute.’ ”

*SLO LAFCO* is an interesting and important case even in the somewhat esoteric world of the Cortese-Knox-Hertzberg Act, which establishes procedures for local government changes of organization. But the case deserves a more elevated profile to the extent it extends to other areas of California local government law that are more regularly part of the development process. In the land use context, for example, cities and counties routinely imbed the same types of compelled indemnity clauses in their applications for discretionary development permits. As in the LAFCO context, cities and counties are required to accept for filing and review and approve or disapprove various types of applications for development. And as in the LAFCO context, the Planning and Zoning Law does not appear to “specifically provide” for attorney fees in post-decision court proceedings.

Questions? Please contact **Bryan W. Wenter, AICP** of Miller Starr Regalia.

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## LAND USE DEVELOPMENTS



March 11, 2021

# Is It Legal to Require Indemnification on Project Application or as Condition of Approval?

Ryan Michael Leaderman, Paloma Perez-McEvoy

Holland & Knight LLP

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### Highlights

- Local agencies routinely require project applicants to agree to indemnification on application forms or as conditions of approval. These agreements or conditions of approval typically include language requiring an applicant to agree to defend, indemnify, protect and hold harmless the local agency in any action arising from the application.
- In *San Luis Obispo Local Agency Formation Commission v. City of Pismo Beach (San Luis Obispo)*, the Second Appellate District Court of Appeal of California struck down San Luis Obispo Local Agency Formation Commission's assertion that it had an "implied power" to contract for fees by inserting an indemnity agreement into its annexation application.

The court's decision is significant because it holds the door open to potentially challenge such practices if there is a statutory limitation on a local agency's authority to impose fees, as was the case in *San Luis Obispo*.

Local agencies routinely require project applicants to agree to indemnification on application forms or as conditions of approval. These agreements or conditions of approval typically include language requiring an applicant to agree to defend, indemnify, protect and hold harmless the local agency in any action arising from the application. Indemnification obligations would expose an applicant to various

unknown costs that may occur after the processing of the application, even for expenses that are not under his or her control.

In a recent Second Appellate District Court of Appeal of California decision, *San Luis Obispo Local Agency Formation Commission (LAFCO) v. City of Pismo Beach (City)*, Case No. B296968 (March 3, 2021) (*San Luis Obispo*), the court struck down LAFCO's assertion that it had an "implied power" to contract for fees by inserting an indemnity agreement into its annexation application. The court's decision is significant because it holds the door open to potentially challenge such practices if there is a statutory limitation on a local agency's authority to impose fees, as was the case here.

## Case Background

In *San Luis Obispo*, the City and a developer submitted an application to LAFCO to annex a parcel of land into the City. The application included an indemnification clause that provided that the developer and City would indemnify LAFCO for "damages, costs, expenses, attorneys' fees, and expert witness fees...arising out of or in connection with the application."<sup>1</sup> Following denial of the annexation application, the City refused to pay for LAFCO's attorneys' fees and costs associated with a lawsuit that took place following the processing of the application. In response, LAFCO brought action against the City, asserting breach of contract. LAFCO contended that the indemnification agreement was "given in consideration for not requiring anticipated attorney fees to be paid as part of the application fee at the beginning of the process."<sup>2</sup>

The court held that LAFCO had no authority to impose such fees for post-administrative proceedings. The statutory authority for local agency formation commissions only permits the imposition of fees or fee increases associated with application processing,<sup>3</sup> and application processing does not include indemnification for post-application processing. Further, LAFCO did not have the implied power to require attorneys' fees and there was no valid indemnification agreement.<sup>4</sup> "Here attorney fees in post-administrative actions are not 'specifically provided for by statute.' Nor is there a valid agreement for such fees. LAFCO's

remedy is with the Legislature."<sup>5</sup> Here, an "agreement" to indemnify was not an actual agreement since there was no consideration.

The holding applies specifically to the statutory authority granted by California Gov. Code § 56383 to local agency formation commissions, but may invite challenges of other local agencies that routinely insert indemnity provisions into their applications or conditions of approval if there is a limitation on a local agency's statutory authority to impose fees on application filing and processing. Local agencies routinely require indemnification for processing an entitlement application or as a condition of approval. Key questions are whether the local agency has the legal power to potentially require an applicant to indemnify the agency, and whether there is statutory authority to impose such fees for indemnification.

## Conclusion and Takeaways

State law does not expressly address the assignment of attorneys' fees for local planning agencies. However, unlike local agency formation commissions, Gov. Code § 65104 grants the legislative body of a city or county<sup>6</sup> broad authority to establish "any fees to support the work of the planning agency ... not to exceed the reasonable cost of providing the service for which the fee is charged." The grant of authority to the legislative bodies of local planning agencies to authorize fees is more broad than the statutory language in Gov. Code § 56383 applicable to local agency formation commissions. While Gov. Code § 65104 does not expressly provide for attorneys' fees, it broadly applies to the "work of the planning agency." Arguably, the work of the "planning agency" could include defending a project from legal challenge.

Critically, assuming that indemnification of attorneys' fees would "support the work of the planning agency," Gov. Code § 65104 mandates that the legislative body impose such fees subject to Gov. Code § 66016's procedures for imposition of fees.<sup>7</sup> Absent clear planning agency local statute or resolution, imposition of fees on an ad hoc basis through an application form or conditions of approval, especially as seen with *San Luis Obispo*, could be subject to potential challenge. If cities and counties interpret Gov. Code § 65104 as a means to potentially impose indemnification, in an effort to survive a legal challenge it is likely that local agencies will formalize

indemnification requirements pursuant to local statute or resolution, as opposed to applying them on an ad hoc basis.

## Notes

<sup>1</sup> *San Luis Obispo*, No. B296968, slip op. at 3 (Cal. Ct. App., March 3, 2021).

<sup>2</sup> *Id.*, slip op. at 4.

<sup>3</sup> "[Gov. Code] section 56383 contemplates that the fees charged thereunder will be limited to those necessary to the administrative process, not to post-decision court proceedings." *San Luis Obispo*, slip op. at 6. "The clear mandate of [Gov. Code] section 56383, subdivision (c) is that the executive officer must settle the costs charged under the section at the end of the administrative proceedings. The section does not provide for costs that may accrue thereafter." *Id.*

<sup>4</sup> See Code of Civ. Proc. § 1021.

<sup>5</sup> *Id.*, slip op. at 7.

<sup>6</sup> Gov. Code § 65104 also applies to charter cities.

<sup>7</sup> See Gov. Code § 66016(b) ("Any action by a local agency to levy a new fee or service charge ... shall be taken only by ordinance or resolution."). See also Gov. Code § 66016(a) (restricting the amount of the new fee or service charge to the amount for which the fee or service charge is levied, and in the event the fee or service charge creates revenues in excess of actual cost, those excess fees shall be used to reduce the fee or service charge creating the excess).

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# Huge Wetlands Restoration Project Begins In Contra Costa County

By John Ramos  
CBS San Francisco  
March 25, 2021

MARTINEZ (KPIX 5) — A massive wetlands restoration project getting underway in the East Bay aims to fix a longtime problem in Martinez.

On Tuesday, Contra Costa County approved an \$11 million contract to restore the wetlands at the mouth of Walnut Creek. It's the largest such project in the county's history. Officials say this time, they intend to do it right.

Back in the 1960s, the U.S. Army Corps of Engineers dredged and installed levees on Lower Walnut Creek in Martinez to create a flood-control channel deep enough for big ships to navigate.

But there has always been one problem.

"This area is like a sediment trap," said Tim Jensen, Assistant Chief Engineer with the Contra Costa County Flood Control and Water Conservation District.

This area where the creek empties into the Carquinez Strait collects silt from the Mt. Diablo watershed. Jensen told KPIX it is natural for water to spread out in flat areas, but the Army Corps kept trying to dredge a deep channel that would quickly fill back in.

"It was just getting very expensive," said Jensen. "They said, 'We've got to figure out another way to do this.' Uou know? Sure, it's a good project, but there's got to be a less environmentally damaging way to do it."

The county has now hired a company called Four M Contracting to widen out the flood control channel so it flows more naturally. The project will be done with state and federal funding, as well as money from Measure AA, a regional conservation initiative passed by Bay Area voters in 2016.

But officials also discovered there's lots of money available for wetland habitat creation, so the company will be doing that as well, increasing tidal flows, improving access for salmon and steelhead.

A partnership with the John Muir Land Trust will eventually provide public recreation including, hiking and bike trails, kayaking and birdwatching. Jensen says they've learned a lot about achieving flood control without standing in the way of nature.

"It's the way it should have been done back then," he said. "Just, the science wasn't there and the understanding of how to work with nature instead of against it, basically, is what they were doing. Levees, dams...all those manmade facilities don't always do it right."

## Orinda hires a new city manager; he takes over in April

### LOCAL GOVERNMENT

By Peter Hegarty

[phegarty@bayareanewsgroup.com](mailto:phegarty@bayareanewsgroup.com)

**ORINDA** >> Orinda has chosen a new city manager.

David Biggs, who has served as Hercules city manager since June 2014, will step down at the end of March to become Orinda's city manager April 5.

"While there is never a good time to make a change, especially when you are in a position which you enjoy and feel that there is more you can accomplish," Biggs said in a statement, "I am happy that I can look back on a number of significant accomplishments during my tenure in Hercules, none of which would have been possible without a supportive and encouraging City Council and a great department head team and employees." In Orinda, Biggs will take over from Steve Salomon, who retired Jan. 7.

Biggs previously served as assistant city manager in Redondo Beach, director of economic development in Huntington Beach and as director of economic development and housing in Morgan Hill.

Details about his salary in Orinda and other benefits were not available.

In 2018, Salomon's pay and benefits totaled about \$263,234, according to [transparentcalifornia.com](http://transparentcalifornia.com), a website that provides information on compensation made to the state's public employees.

"David has been a committed and dedicated public servant and has been a key figure in assisting Hercules in becoming more financially stable and to advancing a number of important projects including the Hercules Regional Intermodal Transportation Center and the Bayfront development, amongst many others," Hercules Mayor Chris Kelley said in a statement. "I enjoy working with Mr. Biggs, and on behalf of the entire City Council, I would like to thank David for his service and wish him well in his next position." The Hercules City Council met in a closed session Feb. 1 to begin the process to hire a new city manager.

Hercules has a population of about 25,000, and Orinda has about 20,000 people, according to the U.S. Census Bureau.

Salomon was Orinda interim city manager after Janet Keeting, the former city manager, retired in 2017. He was named city manager the same year. *Contact Peter Hegarty at 510-748-1654.*

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# Pittsburg OKs plan to build 1,500 homes

## City had to approve master plan and amend its general plan to build houses on hillside

By Judith Prieve

*jprieve@bayareanewsgroup.com*

A Concord developer's long-planned proposal to build as many as 1,500 homes in the southwest hills of Pittsburg received the City Council's unanimous nod Monday despite opposition from environmentalists, preservationists and some residents.

To allow Faria Land Investors to build homes on the hill-

side, the council had to approve its master plan, a development agreement and an amendment to the city's general plan.

The council also signed off on environmental documents for the project, which envisions construction of homes on 341 acres clustered in valleys and the preservation of 265 acres of open space.

Minimum lot size of the low-density project would be 4,000 square feet, though many would

be much larger than that, according to Faria Land Investors, a Seeno/Discovery Builders Inc. company.

"We know this is going to be a very nice community," Discovery Builders President Louis Parsons said, noting the ridge lines will be preserved.

As part of the deal, the project will also include long sought commercial development, a youth recreation center and trails that might connect to the East Bay Regional Park District's future park at the former Concord Naval Weapons Basin, he

**FARIA » PAGE 4**



The hills southwest of the Pittsburg city border are seen beyond the San Marco development. Seeno Homes has gained approval from Pittsburg for its plan to build up to 1,500 homes in the area.

COURTESY OF SCOTT HEIN

said.

"It's going to be a great location," Parsons said. "It's going to be nestled in these valleys and we think it's going to be a great place for executives and people of all types to live."

Plans to develop the hills date back to 2005 when voter-approved Measure P placed 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, then modified it in 2014 and again in 2017 before resurrecting it in 2020. And although the Planning Commission recommended approval last summer, the hearing was continued shortly thereafter when a council member fell ill.

Then and now, critics have said the developer has not provided enough detail to assess the project's impacts.

Opponents also said the project will destroy the natural beauty of the area, impact wildlife, snarl traffic and increase fire risks. Groups opposing it included the East Bay Regional Park District, Save Mount Diablo, Greenbelt Alliance and Pittsburg Youth Action.

Juan Pablo Galván, Save Mount Diablo's land use

manager, said the proposal lacks an adequate project description and enforceable mitigation measures.

"Hundreds of Pittsburg residents have submitted comments on this project pointing to the need to protect Pittsburg's hills and wildlife habitat, address existing serious traffic issues and present to the public a complete description and analysis of this project," he said. "... It shows a complete disregard for the environment."

Galván and many others also warned of potential fire danger.

"It is an extremely windy area and you can't have much even in the way of trees ... and fire plus wind equals a bad situation," he said.

Zoe Siegel of Greenbelt Alliance also strongly urged the council to reject the proposal.

"A lot has changed in the past 20 years and we know a lot more now about the impacts of climate change," she said. "... Developments of this kind will put your community and our region at greater risks of climate change."

Pittsburg resident Mark Linde pointed to the potential impacts on local owls, turtles, frogs and bees.

"Mitigation fees, developers fees and oversight just can't remedy the insurmountable damage this development will do to the environment and mankind alike," he said.

William Goodwin, a housing advocate, questioned the developer's plan to build small acces-

sory dwelling units or tiny homes instead of 150 affordable but comparable units, as the city's inclusionary housing program mandates.

"Is it not enough that we are in the middle of an affordable housing crisis, a recession and a pandemic when many families are suffering?" he asked. "No, this developer wants to cut an estimated \$60 million off their bottom line at the expense of affordable housing for the people of Pittsburg."

Among those supporting the project was former council member Pete Longmire. "It will bring millions of dollars in impact fees that will support our basic infrastructure like traffic, fire, police and other contributions," he said.

"This could be a turning point for our community to bring a lot of opportunities," he added.

Also for the project were various unions and residents who noted it would bring good-paying construction jobs.

Some council members questioned whether the project's open spaces would connect with the trails and staging areas of the future regional park over the hill in Concord.

"I want to make sure we comply on both sides to that commitment," Councilman Juan Banales said, suggesting that such a pledge be included in the agreement while voicing his support of the project overall.

Mayor Merl Craft said the council must look at

the entire community it serves.

"We want to see what others have in their communities and we want these amenities as well," she said. "Upscale development means we can attract businesses, a grocery store. We will no longer be a food desert. Sometimes we have to say, 'what about us?'"

Craft added the city already has 1,098 affordable housing units. "We are always looking to expand our housing stock. We need to have dollars in our community," he said.

The development is expected to generate about \$2.75 million a year in property taxes for the city as well as \$1.1 million a year for public safety, \$122,000 for the fire district, \$153,000 for landscape and lighting and \$133,000 for park maintenance.

"All of these won't happen without the Faria project," she said.

"This was a big undertaking," Councilman Jelani Killings said. "You aren't taking away land. The reality is this was already designated by the voters of Pittsburg in the past (with Measure P)... The reality is it is development that pays for infrastructure."

"Another thing is it is close to BART," Councilwoman Shanelle Scales-Preston added. "I think the community benefit is huge compared to when this project was looked at 10 years ago."

Contact Judith Prieve at 925-779-7178.

# Roddy Ranch Golf Course Habitat Restoration and Public Access Plan Public Meeting

written by [ECT](#) Mar 9, 2021



The East Bay Regional Park District is developing a new Regional Park at the former Roddy Ranch Golf Course in Antioch. The land use plan being developed will include restoration of native grassland habitat and recreational paths and facilities for walking, jogging, and picnicking.

The 230-acre Roddy Ranch golf course property was acquired by the Park District in 2018 with the majority of funding coming from the East Contra Costa County Habitat Conservancy and the District's Measure WW approved by voters in 2008. The 18-hole golf course closed in 2016.

The Park District is holding its first public meeting as part of the planning process to restore habitat and design and build recreational amenities at the Roddy Ranch golf course site. The public is invited to attend the meeting via Zoom to learn about the planning process, property constraints, and project goals.

The former golf course property is part of the District's planned 3,500-acre Deer Valley Regional Park intended to protect habitat and expand recreational opportunities in East Contra Costa County.

- **What: Roddy Ranch Golf Course Habitat Restoration and Public Access Plan Public Meeting**
- **When:** Thursday, March 11, 2021 – 6:30-7:30 P.M.
- **Meeting Link:** <https://ebparks.zoom.us/j/93304942688>
- **Meeting ID:** 933 0494 2688

For more information about the public meeting, contact Eddie Willis, Project Planner at [ewillis@ebparks.org](mailto:ewillis@ebparks.org).

For more info, visit the project webpage at [www.ebparks.org/about/planning/roddy ranch](http://www.ebparks.org/about/planning/roddy ranch)

## Rising sea levels, wildfires endanger state park system

### CLIMATE CHANGE

By Julie Cart

*CalMatters*

Of all the existential threats California parks face - dwindling budgets, more visitors and costly, long-deferred maintenance - now comes a climate-driven conundrum: When is a park no longer a park? When its namesake trees disappear in a barrage of lightning strikes? When its very land is washed away by ever-rising seas?

The California Department of Parks and Recreation is coming to terms with this dilemma after a climate-reckoning

moment last August, when more than 97% of Big Basin Redwoods, California's oldest state park, was charred by a lightning-sparked wildfire.

The shock of it was almost greater than the devastation: Coastal redwoods, the so-called asbestos forests of iconic, giant trees, hadn't been hit by such ferocious blaze in living memory. The fire incinerated buildings

**PARKS » PAGE 3**

### Parks

#### FROM PAGE 1

and roads along with many trees; it was the most unexpected, indiscriminate and comprehensive destruction of a California state park, ever. Established 119 years ago, Big Basin remains closed.

Although all state agencies face the threat of climate change, state parks - with the depth and breadth of their 2,300 square miles of land - are singularly jeopardized. Caretaker of the nation's largest state park system, the department is responsible for all of its historic structures, roads, bridges, land, beaches, forests, water, plants and animals.

"Every bit of California is going to be impacted by climate change. It's going to affect every person in the state and every acre of land in the state," said Jay Chamberlin, chief

Institute of Technology and an advanced degree from Harvard, wonders if California can apply its ample brainpower to come up with solutions.

"We are very fortunate to have many research institutions and national labs working on this. California is a leader in climate change policy but also technology. I think we should meld the two."

#### Future fires

Even those deeply familiar with every woody acre of Big Basin Redwoods - home to ancient trees of such stature that many are named and curated - the aftermath was unsettling.

"Going back into the park for the first time, it was very hard to believe what I was seeing," said Chris Spohrer, state parks superintendent for the Santa Cruz region. "To see what a fire of that

more frequent fires and more damaging megafires.

#### Rising threats

Darren Smith doesn't need to read a report about climate change to understand the threats to state parks. He's living it every day.

Smith, who is the natural resources manager for the park department's San Diego Coast District, is fighting water - from all sides.

"We are being squeezed," he said, gesturing to the ocean on a recent visit to South Carlsbad State Beach.

Turning, Smith points to the cliffs behind him and the city of Carlsbad on the other side of a highway. El Nino-powered storms create runoff that gushes over bluffs or percolates into porous sandstone, carving fissures that pockmark and destabilize the cliff

of the state parks' natural resources division. "State parks are not only vulnerable, but some are uniquely vulnerable." Managing California's nearly 300 parks will now require a top-to-bottom rethink: How to make public land more resilient to wildfires, rising seas, drought and extreme weather. The price tag for arming state beaches, thinning forests, moving restrooms and visitors' centers, and other climate-resilience projects has not been calculated. But experts say if the money isn't spent now to protect parks from rising seas and intensified fires, the damage and costs will multiply.

"There's needs to be a climate resilience plan for every park unit," said Rachel Norton, executive director of the nonprofit California State Parks Foundation. "This is what's coming: Drought, fire, sealevel rise, loss of habitat for species. There's a lot more work to be done to understand the scope of the potential threat." In particular, making California's state parks resilient to sea-level rise and flooding is critical; the agency manages about a quarter of the state's coastline. Although the state's climate change response is ongoing and frequently updated, a comprehensive sea-level rise plan for parks is being finalized, officials said.

Chamberlin said the agency is transitioning "to a stance where we consider climate in everything we do." "I'm talking about planning our capital investment, the vehicles we purchase or how we plan projects. When it comes to coastal issues, do not build in harm's way. If a building needs roof repair, harden it if it's in a wildfire zone. We are believers in building

intensity could do was disorienting. The landmarks were gone, the colors were monochromatic. It took several visits for it to sink in, to get your bearings. It was shocking." Even though the bulk of the contents of Big Basin was damaged or destroyed, the idea of the park, a celebration of the tallest living things on the planet, remains intact, officials say. While redwoods were burned, their bark is thick and fire-resistant, so park managers expect many of the big trees to survive, although other species, such as Douglas Firs, are not as hardy.

But things will be different. Managing a park to be resilient to fire is going to require change in a fundamental way in the decades to come: Visitors will have to alter their definition of a healthy park to include the sight of fewer trees and more prescribed burning. Managers may have to reduce the forest in order to save the park, and consider building future visitor centers and other facilities out of more fire-resistant materials like metal or concrete rather than charming but flammable wood.

Beginning in 1900, the Sempervirens Fund, a nonprofit conservation group, purchased about 17,000 acres of redwood forests and transferred them to the state, essentially creating Big Basin Redwoods.

That work paid dividends during the blaze, resulting in a low-intensity fire that cleared out overgrown vegetation but spared the giant trees on the group's land, providing an object lesson for the adjacent park.

"There's no one quick fix to any of

face. "We don't have anywhere to go." As for a park campsite on a promontory affording a magnificent view of rugged coastline, "it's a goner," he said.

The Pacific Ocean is inexorably rising on the beaches he manages, slamming into bluffs and undermining parking lots, campsites and restroom facilities.

The parks department is on a penny-pinching budget - \$858 million for 2021-22, down 34% from the previous year because of onetime bond appropriations. Coronavirus closures cost the agency lost revenue from entrance fees and concessions.

Parks are threatened by other aspects of climate change, too: Extremes of heat and cold stress facilities and operations. Drought threatens animals' habitat and makes trees more susceptible to disease and insect infestation.

Chamberlin, the parks' resources chief, said future investments will be assessing whether a proposed facility is going to eventually be underwater or vulnerable to fire.

Whether it's fire or water, climate change will continue to eat away at California's parks - and the agency's budget.



A redwood tree burns near Big Basin Redwoods State Park Headquarters & Visitor Center in

resilience into everything we do." The legislature is watching to see what the parks department comes up with.

"I tend to think, is there an engineering solution or a technology solution to this?" said Luz Rivas, a Democrat from Arleta who chairs the Assembly Natural Resources Committee.

Rivas, who has a degree in electrical engineering from the Massachusetts

this," said Laura McLendon, the Sempervirens Fund's director of land conservation.

To survive climate change, she said, California's forested parklands must be aggressively managed for fire using an array of approaches. "There needs to be a suite of activities - fuels reduction, reintroducing fire to the landscape where it has historically occurred, rethinking where we develop and the materials we use." Twenty-two state parks were hit by fire last year, according to the State Parks Foundation. Climate scientists say California can expect

Boulder Creek on Aug. 20, 2020. Worsening wildfires are growing as a state threat.

RANDY VAZQUEZ — STAFF ARCHIVES

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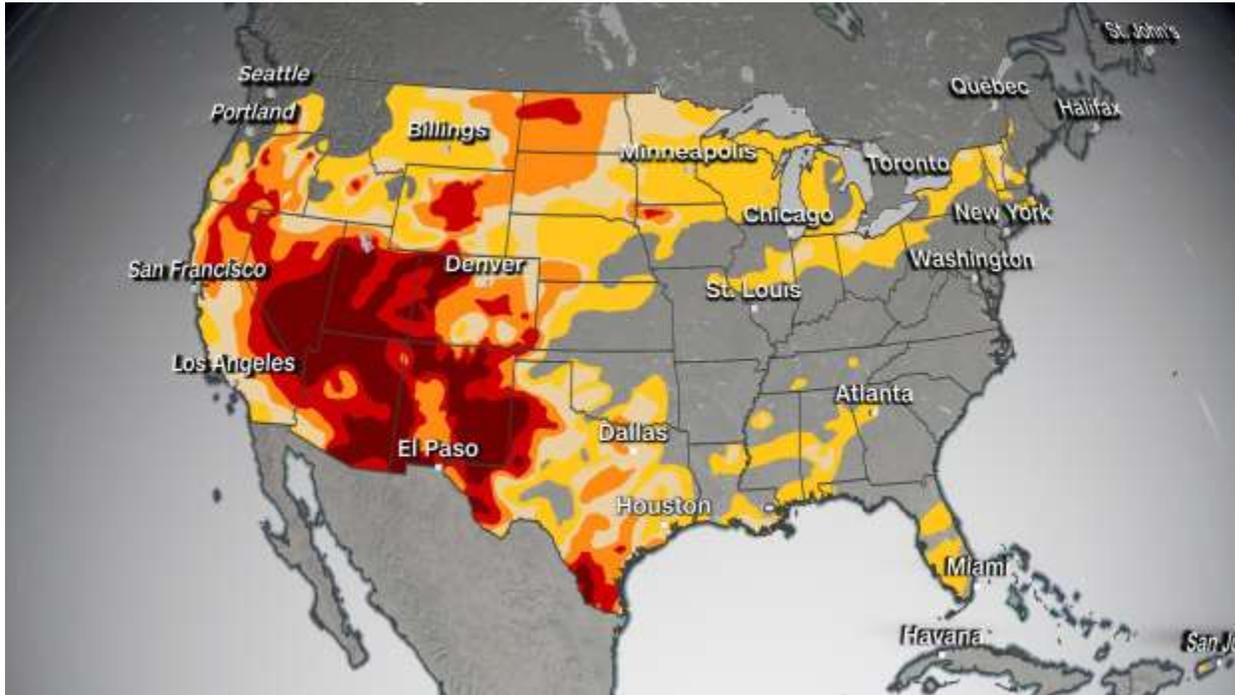
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## East Bay Times

# Expect spring to be even drier out west, says NOAA



Dry weather is expected to linger into the spring, with below-average precipitation forecast across much of the West. This will likely make the drought situation even worse. (CNN)

By [CNN.com](https://www.cnn.com)

PUBLISHED: March 19, 2021 at 11:39 a.m. | UPDATED: **March 19, 2021** at 11:39 a.m.

By **Allison Chinchar and Jackson Dill** | CNN Meteorologists

Saturday marks the first day of astronomical spring and the outlook is grim for the western portion of the country, where drought conditions will persist.

“Drier conditions in the Southwest US associated with La Niña and the failed 2020 summer monsoon have been contributing factors to the development and intensification of what represents the most significant US spring drought since 2013,” said NOAA.

Dry weather is expected to linger into the spring, with below average precipitation forecast across much of the West. This will likely make the drought situation even worse.

One of the contributing factors to the western drought has been lack of snowfall. The greatest area of snow drought expansion has been in the Sierra Nevada where no large storms have occurred since the strong atmospheric river in late January. This has left almost all of the Sierra

Nevada weather stations below the 30th percentile of snow water equivalent, and a few locations in the Southern Sierra are even below the 10th percentile.

But what is bad for some can be good for others in terms of snowpack. It's the ultimate dichotomy.

That's because unlike in some previous years, that lack of snowmelt means flooding will be less severe across the Plains and Midwest, but it also means lack of necessary water for the western states that rely on it to keep drought conditions in check.

## **Drought conditions to worsen as we head into peak fire season**

Drought continues to plague about 44% of the contiguous US, mostly in the western states, and the spring outlook expects that drought to persist.

Currently, the most severe drought conditions are across the western US, with 20% of the region in exceptional drought. This is the worst category on the National Drought Mitigation Center's scale. Nearly 90% of the region overall is at least abnormally dry, and these drought conditions could worsen.

Going into summer with dry conditions is also worrisome since that is when wildfire season begins to ramp up.

“With warmer spring temperatures forecast and the drought deepening, fire season could start earlier in some places and be more severe this year,” says Chad Myers, CNN Meteorologist.

Some major cities in the West have experienced record [dry streaks](#) within the past year, and this persistent drought has had an effect on the agriculture industry.

The National Integrated Drought Information System (NIDIS) — a division of NOAA — breaks down crops and livestock affected by drought. As of this week, more than 150 million acres of crops are under drought conditions in the US. The drought's impact on agriculture can be connected to higher prices due to crop losses.

In other portions of the US, a drought may begin: “Warmer-than-average temperatures this spring and low soil moisture will allow drought conditions to develop and expand in the southern and central Great Plains as well as southern Florida,” according to NOAA.

Meanwhile in the Northeast and mid-Atlantic regions, a wetter than normal spring is forecast. Some areas in this part of the country are currently experiencing dry conditions and, in some cases, a moderate drought but that will give way in the Northeast to a wet spring..

NOAA anticipates any drought in the Northeast to end thanks to the expected weather patterns this spring.

## **There is a bright side, but not for everyone**

However, drought isn't always about rain. Snowpack, again, is a factor.

“In the West, winter snowpack can be more effective at relieving drought than summer thunderstorms. The snowpack melts slowly and doesn't just run off the parched soil,” says Myers.

As of this week, nearly 70% of western contiguous US weather stations are below median for snow water equivalent.

Snow drought conditions remain focused over the southwestern US, especially across the Sierra Nevada and Rocky Mountains. In these areas, nearly one-third of [snow telemetry stations](#) are below the 30th percentile snow water equivalent.

Lack of strong storms in the Sierra Nevada left states like California, Nevada, and Arizona at a huge disadvantage going into the dry season — the summer.

While snow drought may be low across the Colorado River headwaters, they have improved along the Colorado and Wyoming Front Range since the beginning of the month.

Last week's [record snow](#) in the Rockies helped boost overall snowpack. In fact, for the Upper Rio Grande most basins received a 15% boost in snow water equivalent.

While that particular basin saw enough of a surge to reach near average levels, “water supply forecasts still remain below average,” the West Gulf River Forecast Center says.

For the first time since 2018, [NOAA hydrologists are forecasting](#) limited widespread flooding this spring. More importantly, there are no areas greater than a 50% chance of major flooding.

“A reduced flood risk exists for the majority of the Greater Mississippi River Basin, Red River of the North, and Souris Basins, primarily due to abnormally dry conditions, ongoing drought, and a lack of snowpack and associated water equivalent.”

Even compared to last year the flood threat for much of the Midwest and Plains regions is lower, which is welcome news for people in those areas of the country. The last two years have brought increased flood threats to much of the Mississippi and Missouri River basins, so the drier conditions that are forecast this year are actually considered a positive compared to what's happening to the western US states.

## **Spring could feel more like summer**

Temperatures this spring during the months of April, May and June are forecast to be warmer than normal for the large majority of the country.

NOAA forecasts all of the contiguous US to experience temperatures above average overall with the exception of the Northwest. Western Washington is expected to feel below average

temperatures while the rest of the region has an equal chance of above, below or near-normal conditions.

The greatest chance for above average temperatures is across the interior Southwest, which is also dealing with exceptional drought conditions.

Past springs (in months April through June) have also been on the warm side. The last time the US experienced [below average temperatures](#) during this time period was more than a decade ago in 2008.

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