



NOTICE AND AGENDA FOR REGULAR MEETING

DATE/TIME: Wednesday, January 10, 2018, 1:30 PM

PLACE: Board of Supervisors Chambers
651 Pine Street, Martinez, CA 94553

NOTICE IS HEREBY GIVEN that the Commission will hear and consider oral or written testimony presented by any affected agency or any interested person who wishes to appear. Proponents and opponents, or their representatives, are expected to attend the hearings. From time to time, the Chair may announce time limits and direct the focus of public comment for any given proposal.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by LAFCO to a majority of the members of the Commission less than 72 hours prior to that meeting will be available for public inspection in the office at 651 Pine Street, Six Floor, Martinez, CA, during normal business hours as well as at the LAFCO meeting.

All matters listed under CONSENT ITEMS are considered by the Commission to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a member of the Commission or a member of the public prior to the time the Commission votes on the motion to adopt.

For agenda items not requiring a formal public hearing, the Chair will ask for public comments. For formal public hearings the Chair will announce the opening and closing of the public hearing.

If you wish to speak, please complete a speaker's card and approach the podium; speak clearly into the microphone, start by stating your name and address for the record.

Campaign Contribution Disclosure

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

Notice of Intent to Waive Protest Proceedings

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

American Disabilities Act Compliance

LAFCO will provide reasonable accommodations for persons with disabilities planning to attend meetings who contact the LAFCO office at least 24 hours before the meeting, at 925-335-1094. An assistive listening device is available upon advance request.

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

JANUARY 10, 2018 CONTRA COSTA LAFCO AGENDA

1. Call to Order and Pledge of Allegiance
2. Roll Call
3. Adoption of Agenda
4. **Selection of Chair and Vice Chair**
5. Welcome New/Returning Commissioners
6. 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.
7. Approval of Minutes for the December 13, 2017 regular LAFCO meetings

MUNICIPAL SERVICE REVIEWS (MSRs)/SPHERE OF INFLUENCE (SOI) UPDATES

8. ***Healthcare Services MSR/SOI Updates (2nd Round)*** – consider accepting the Final MSR report, making the required determinations, updating spheres of influence, and taking related actions under CEQA. ***Public Hearing***

BUSINESS ITEMS

9. ***Reclamation District (RD) 2121 (Bixler Tract) Update*** – receive update from subcommittee; consider governance options, including dissolution and next steps.
10. ***Rollingwood Wilart Park Recreation & Park District Update*** – receive update and consider governance options, including initiating dissolution.
11. ***LAFCO Policies and Procedures Committee Appointment*** – consider appointing a Commissioner to the LAFCO Policies and Procedures Committee.
12. ***FY 2017-18 Second Quarter Budget Report*** – receive FY 2017-18 second quarter budget report.
13. ***Special District Risk Management Authority*** - consider adopting a resolution relating to Workers Compensation Coverage for Governing Body Members and/or Volunteer Coverage
14. ***Executive Officer's Performance Review and Compensation*** - consider salary increase for the Executive Officer in conjunction with her recent performance review.

INFORMATIONAL ITEMS

15. Commissioner Comments and Announcements
16. Staff Announcements
 - CALAFCO Updates
 - Pending Projects
 - Newspaper Articles

ADJOURNMENT

Next regular LAFCO meeting February 14, 2018 at 1:30 pm.

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



Lou Ann Teixeira
Executive Officer

MEMBERS

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

ALTERNATE MEMBERS

Diane Burgis <i>County Member</i>
Sharon Burke <i>Public Member</i>
Tom Butt <i>City Member</i>
Stanley Caldwell <i>Special District Member</i>

January 10, 2018 (Agenda)

January 10, 2018
Agenda Item 4

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

Selection of Commission Officers for 2018

Dear Members of the Commission:

The selection of officers for the Contra Costa LAFCO is described in Section 1.4 of the Commission Handbook, which provides for the following:

- The members of the Commission shall elect a Chair and Vice Chair at the first meeting of the Commission held in January of each year or as soon thereafter as practicable.
- The Chair and Vice Chair shall serve for one-year terms, or until their successors are elected, whichever occurs later.
- Officers shall be selected from the categories of members in the following order:

- County Member 1
- Public Member
- Special District Member 1
- City Member 1
- County Member 2
- Special District Member 2
- City Member 2

In 2017, Public member Don Blubaugh served as Chair and Special District member Mike McGill served as Vice Chair.

RECOMMENDATION – Per the Commission’s policy, it is recommended that the Commission select a Special District member as Chair and a City member as Vice Chair to serve until January 2019.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MINUTES OF MEETING

December 13, 2017

Board of Supervisors Chambers
Martinez, CA

January 10, 2018
Agenda Item 7

1. Chair Don Blubaugh called the meeting to order at 1:30 p.m. and the Pledge of Allegiance was recited.

2. Roll was called. A quorum was present of the following Commissioners:

County Members Candace Andersen and Federal Glover and Alternate Diane Burgis.
Special District Members Mike McGill and Igor Skaredoff and Alternate Stanley Caldwell.
City Members Rob Schroder and Don Tatzin.
Public Members Don Blubaugh and Alternate Sharon Burke.

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

3. Approval of the Agenda

Upon motion of Tatzin, second by McGill, Commissioners, by a unanimous vote of 7-0, adopted the agenda.

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

4. Public Comments

Charles Pringle spoke regarding an ongoing problem with obtaining water on a property in Brentwood. A LAFCO action in 2000 shifted territory, including this property, from Oakley's to Brentwood's sphere. He stated he was promised at that time that Brentwood would serve his water needs, but has been unable to make this happen in the 17 years since. He would like for LAFCO to revisit the decision made in 2000.

The Chair advised him to consult with the LAFCO Executive Officer on this matter, as they cannot discuss or take action without an agenda item.

5. Approval of November 8, 2017 Meeting Minutes

Upon motion of Andersen, second by Schroder, the November 8, 2017 meeting minutes were approved by a vote of 7-0.

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

6. LAFCO 17-02 - 151 Circle Drive Annexation to the City of Walnut Creek and Detachment from County Service Area (CSA) P-6

The Executive Officer reported that this proposal would annex one parcel to the City of Walnut Creek and concurrently detach the same parcel from CSA P-6 to facilitate development of two parcels, the subject parcel and an adjacent parcel located on Lilac Drive in the City of Walnut Creek. Both lots are currently vacant. The City of Walnut Creek indicates it is able and willing to extend city services to the property following annexation.

DRAFT

Upon motion of Andersen, second by McGill, the Commissioners, by a unanimous 7-0 vote, determined that the project is exempt pursuant to CEQA Guidelines, Sections 15303 and 15319; approved the proposal to be known as 151 Circle Drive Annexation to City of Walnut Creek and Detachment from County Service Area P-6, with specified conditions; determined that the territory being annexed is liable for the continuation of taxes, assessments and charges; found that the subject territory is uninhabited, has 100% landowner consent; waived the protest proceeding, and directed staff to complete the proceeding.

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

7. LAFCO 17-05 – West County Wastewater District (WCWD) Annexation No. 316 – Goodrick Avenue

The Executive Officer provided brief background on this proposal, submitted by the WCWD, to annex two parcels located adjacent to 2601 Goodrick Avenue in unincorporated North Richmond. It is also recommended that the annexation include a strip of road right-of-way along Protectocoat Lane to avoid a gap. The purpose of the proposal is to facilitate development of two industrial warehouses. Both parcels are currently vacant; and development is proposed for only one of the parcels. The District is able and willing to provide wastewater service to the parcels following annexation.

Upon motion of Tatzin, second by Skaredoff, the Commissioners, by a unanimous 7-0 vote, certified that it reviewed and considered the information contained in the CEQA documentation; approved the proposal known as West County Wastewater District Annexation No. 316 – Goodrick Avenue, with specified conditions; determined that the territory being annexed is liable for the continuation of taxes, assessments and charges; found that the subject territory is uninhabited, has 100% landowner consent; waived the protest proceeding, and directed staff to complete the proceeding.

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

8. LAFCO 17-08 – Tuscany Meadows Reorganization – Annexations to Cities of Antioch and Pittsburg, Contra Costa Water District (CCWD) and Delta Diablo (DD) and Corresponding Detachment from County Service Area (CSA) P-6

The Executive Officer provided background on this boundary reorganization proposal submitted by the City of Pittsburg, which includes annexations to the cities of Antioch and Pittsburg, CCWD and DD, and detachment from CSA P-6. Last month, the Commission approved an SOI change to add this area to Pittsburg's SOI and remove it from Antioch's SOI. The boundary reorganization comprises two parcels and road rights-of-way, and is located southeast of the Pittsburg city limits, south of Buchanan Road. One of the parcels is vacant and planned for residential development; the other is owned by Chevron and is currently used as a pumping facility & field office. The purpose of the proposal is to extend municipal services to the Tuscany Meadows Residential Subdivision, a planned mixed-density development consisting of 917 single-family units, up to 353 multifamily units, three parks, and related detention areas and infrastructure.

The existing Chevron facility will remain in place and unchanged, and is being included with the reorganization to avoid creating an island. The site is currently undergoing soil remediation in accordance with a 2006 Remedial Action Plan. Last month, in response to Commissioners' questions, Louis Parsons explained that there is no history of accidents, the pipelines are not in the proposed residential area, much of the soil in the area does not exceed the maximum contamination allowed, and the Regional Water Quality Control Board has approved the mitigation and remediation.

Of special note is a development agreement that includes a provision relating to forming a CFD to help fund fire services in the City upon annexation; the LAFCO staff recommendations include a condition to address the impact of the proposed development on fire services by formation of such a CFD.

In response to Commissioner Skaredoff's question regarding the condition on water service being accepted by the US Bureau of Reclamation (USBR), the Executive Officer explained that this is a longstanding issue wherein the USBR will not approve an agency's water request until the related annexation has been approved by LAFCO.

Louis Parsons, representing Seecon Built Homes, stated that the developer agrees to all conditions in the resolution. He thanked LAFCO staff, Joanne Wilson, the Pittsburg city staff, and all others involved in making this complicated application come together.

Charles Smith, retired environmental scientist from the Department of Energy, Lawrence Berkeley National Laboratory stated that he just now heard that the CEQA process on this project had been passed, and was surprised that he missed discussion of it at council meetings. There are environmental impacts from this, particularly traffic, and it should have been addressed.

Douglas Schroder, homeowner adjacent to the Tuscany Meadows project, expressed his concerns regarding traffic on Buchanan Road and the impact on schools. In response to his question about impact on schools, the Executive Officer remarked that LAFCO has no jurisdiction over school districts.

The public hearing was closed.

Commissioner Glover noted that this project has been through a long process, and that all due diligence has been done, with many negotiations. The concerns of the speakers have been addressed in the CEQA document, as well as other issues that were of concern to him. While he did not necessarily favor this project in the beginning, he is ready to move it forward.

Upon motion of Glover, second by Schroder, Commissioners unanimously, by a 7-0 vote, certified that it reviewed and considered the information contained in the EIR and CEQA documentation; approved the proposal known as Tuscany Meadows Reorganization: Annexations to the cities of Pittsburg and Antioch, Contra Costa Water District and Delta Diablo (Zones 2 and 3) and Detachment from County Service Area P-6, with specified conditions; determined that the territory being annexed is liable for the continuation of taxes, assessments and charges; found that the subject territory is uninhabited, and the proposal has 100% landowner consent; waived the protest proceeding, and directed staff to complete the proceeding.

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

9. Healthcare Services MSR/SOI Updates (2nd Round)

The Executive Officer reported that LAFCO initiated its 2nd round Healthcare Services MSR covering three special districts and County health services. Berkson Associates in association with the Abaris Group prepared the draft MSR report, which was released on December 7th. The public comment period ends on December 29th. To date, all affected local agencies have provided comments. This is the first of two public hearings on the MSR.

Richard Berkson was introduced to provide an overview of the report, findings and determinations. He briefly reviewed the purposes of MSRs, the determinations required, and the prior healthcare district (HCD) MSRs and special studies conducted by Contra Costa LAFCO. The key questions to be addressed in this MSR were:

- Are the HCDs providing services of value to the community? Could the funds be better utilized for other purposes?
- Are HCDs adhering to best practices, complying with legal requirements, and administering funds in an efficient manner?
- Could changes in operations, administration, boundaries, or governance, improve the use of public funds and services in the future?

Increases in health care costs, declining reimbursements, and growing service demands have contributed to the closure of many healthcare district hospitals; operational efficiencies, improved coordination among providers, increased cost savings through, for instance, technology have helped to address these trends. Maximizing funding through effective community-oriented programs is imperative.

In Contra Costa County, West Contra Costa Healthcare District (WCCHD) filed for bankruptcy in October 2016, following closure of its hospital in 2015 due to ongoing financial shortfalls. For the next 5-10 years the District will repay its debts, after which there will be property tax of \$3.6 million per year available for healthcare programs. Legislation is pending to enable the County Board of Supervisors to appoint the District's governing body with considerable savings for the District.

The Concord/Pleasant Hill Health Care District (CPHHCD) was previously the Mt. Diablo Healthcare District. In 2012 it became a subsidiary district to the City of Concord and the District boundary was reduced to include the cities of Concord and Pleasant Hill and some unincorporated areas. The District makes approximately \$250,000 in grants annually from its property tax revenues; staff and administration, provided by the City of Concord, is about 20% of its budget.

Los Medanos Community Healthcare District (LMCHD) closed its hospital in 1994 and subsequently filed for bankruptcy. The District leases its medical facility to the County. It continues to repay the State of California via rent revenue pass-through from the hospital building, plus \$500,000 annually for the next two years; it will continue to pass-through its rent income to the State through 2026. LMCHD provides healthcare grants and program funding of \$280,000-412,000 from its \$1 million annual property tax; administrative costs are about 50% of the budget in FY 2017-18. LMCHD is currently negotiating with the County over a lease extension and the amount of future rent.

Contra Costa County, through its Health Services Department, provides numerous healthcare facilities, services, and funding. Several private, nonprofit hospitals serve the region, although several medically underserved areas exist in the County and within HCD boundaries.

Both CPHHCD and LMCHD collaborate to some extent with existing health providers, especially grant recipients; broader collaboration with the County, hospitals, and other districts is less evident, but both participate in the Healthy and Livable Pittsburg Collaborative. Both districts rely on grant applicants to document community health needs. Strategic planning by both districts is minimal. LMCHD generally follows best practices related to transparency, with the exception of its website. CPHHCD generally follows best practices, although the District is not always clearly distinguished from City operations.

Governance options for WCCHD were not evaluated, beyond noting the special legislation pending for the County Board of Supervisors to appoint its governing body. Governance options for CPHHCD were to either maintain the status quo or consider dissolution.

Governance options for LMCHD were more varied, ranging from maintaining the status quo, creating a County Service Area, consolidating with another district or with CSA EM-1, establishing a subsidiary district to the City of Pittsburg, dissolution, or special legislation.

Sphere of Influence findings for WCCHD indicated that as it emerges from bankruptcy changes in its SOI and boundary could adversely affect revenues and repayment of its debts. For CPHHCD, small changes in the boundary to add and exclude certain areas could limit its boundaries to Concord and Pleasant Hill; minimal revenue and service impacts would result. The LMCHD SOI includes territory in the City of Concord; it could be adjusted to exclude that area, as well as small portions of the

cities of Clayton and Antioch, with minor impact on revenues. Creation of a subsidiary district to the City of Pittsburg would require the reduction or elimination of unincorporated areas in the southern area of the District. Dissolution of this District would be signaled by the designation of a Zero SOI.

Following Mr. Berkson's presentation, the Chair opened the public hearing, and due to the large number of speaker cards, asked that speakers limit their comments to two minutes and refrain from repeating others' comments. Thirty-two speakers were heard in support of Los Medanos Community Healthcare District and opposition to any major changes in its status as an independent special district.

Dennishe Marsh, resident of Pittsburg, opposes any kind of dissolution of LMCHD, believes it provides good urgent care programs for many of the children in the District.

Lt. Brian Mathews, Pittsburg Police Department, stated that his agency has received two LMCHD grants in the past year, one for its homeless outreach initiative and one for its Police Activities League. Without these grants, the programs would not exist; City of Pittsburg funds are not adequate for these kinds of services to the homeless and youth in the City. Opposes dissolution.

Delano Johnson, Bay Point Community All in One, agreed with Lt. Mathews and noted that LMCHD provides great programming and assistance in the community. Opposes dissolution.

Charles Smith, resident of Pittsburg, noted that Commissioner Glover should recuse himself from consideration of this matter, because he has already indicated his bias toward dissolution of LMCHD. Mr. Smith believes that LMCHD reaches a depth of people that are uncountable; their grants are "wellness" grants toward medical preventive care. Opposes dissolution.

Jamie Plotnick, Cheer Reaction for Kids, provides preventive healthcare for children, which would not exist without support from LMCHD. Opposes dissolution.

Heracio Harts, Healthy Hearts Institute, an emerging nonprofit that works in El Pueblo housing project, received a \$10,000 startup grant to develop a two-acre community garden and urban farm in the project. They have since leveraged the LMCHD startup grant to secure a \$48,000 grant from the California Endowment to further build the garden, and to strike a substantial partnership with Turner Construction. This project has also turned Mr. Harts's life around as well, with the LMCHD's demonstration of support for people in low-income communities. Opposes dissolution.

Marzel Price, East County Junior Warriors & East County Midnight Basketball, provides athletic programs to over 500 youth for over 18 years as a result of funding from LMCHD. There are no other extracurricular athletic programs offered to youth in Pittsburg. Without LMCHD funding, these programs would not exist. Opposes dissolution.

Rejois Frazier-Myers, Scholars of Pittsburg, a program that provides eyeglasses for students who cannot otherwise afford them, has received funding for many years from LMCHD. Opposes dissolution.

Benjamin Brisjar, chiropractic doctor, caregiver for aging father and younger brother with mental illness. He currently serves on the boards of the Pittsburg Fifty Plus Club and Stoneman Village and Stoneman Village II. He represents hundreds of people through these organizations whose lives are improved by funding from LMCHD. Opposes dissolution.

Gregory Osorio, Souljahs House, a Pittsburg nonprofit that receives grants from LMCHD for healthcare fairs held in conjunction with events such as annual celebrations of Martin Luther King, Jr. and Cesar Chavez. This coming January a nationally renowned physician whose expertise is sickle cell anemia will be speaking on this topic thanks to an LMCHD grant. The LMCHD board members are very sensitive to the needs of the community, and they deserve equal time to make their case for the good they do in the community. Opposes dissolution.

David Carrillo, Center for Human Development, which provides prevention and wellness services throughout the County, but has some very East County focused programs. Much of this

organization's work is done in partnership and with funding from the County, but one of their key partners is LMCHD, which provides funds to further leverage their programs and bring them to the area that LMCHD serves. Opposes dissolution.

Elaine Clark, Meals on Wheels & Senior Outreach Services (SOS), is an organization that reaches throughout the County. LMCHD's funds are critical in providing support for SOS Rides to enable seniors to get rides to doctors; a first-year pilot program has become a crucial asset in East County, with hospitals and clinics requesting that it be continued and expanded. Opposes dissolution.

Gary Bell, Attorney, Colantuono, Highsmith & Whatley on behalf of LMCHD, stated that the LMCHD board members are dismayed that the County has not talked with it about their concerns and that the County would pursue dissolution without discussing it with them. They are concerned about a loss of community control and determination. If LMCHD were to be dissolved and those taxpayer funds transferred to the County, the District Board fears the funds would disappear into the County's Health Services' bureaucracy for the benefit of the entire county, leaving the District's community with even fewer resources. It is troubling that this proposal arises in the midst of negotiations for a new lease of the building for use by the County. LMCHD provides important services to the community, as demonstrated by all who have turned out to speak on this item. If there are concerns about how the District serves the community, the lease terms with the County, or the District's relations with the County and the City of Pittsburg, the LMCHD will be happy to address them. It can't meet concerns if not told what they are. Opposes dissolution.

Chair Blubaugh took a moment to explain that there has been a convergence of circumstances that may have led to some misunderstanding. MSRs are studies required by state law to be conducted every five years as needed, and it is coincidental that this healthcare services study is coming before the Commission at the same time that the County has submitted a proposal to dissolve LMCHD. Discussion of the County's proposal will take place at a separate time. This hearing is for the MSR, which is a planning document to review efficiencies provided by the various agencies in the County.

Dr. J. Vern Cromartie, LMCHD Board President, stated that the agency's mission is to reduce health disparities in its District. He added that the Board engages in a best practices approach wherein they will take corrective action when needed. Dissolution of LMCHD would have dire consequences for residents of Pittsburg, Bay Point, and other areas in terms of healthy food, obesity and diabetes prevention, nutrition education, healthy eating and active living. The District's programs have an important role to play and is relevant to its residents. The District serves residents who are susceptible to falling through the cracks in the healthcare system; who do not have health insurance or cannot afford it; and who have inadequate health insurance. Do not replace elected officials with appointed persons. Allow LMCHD to maintain its existence while it makes needed corrections, such as reducing administrative costs, updating the website, updating its health profile, and updating its strategic plan. Opposes dissolution.

Charles Glaspen, Jr., Satellite Affordable Housing Associates (SAHA), a nonprofit that for 60 years has provided affordable housing and access to services and activities to over 4,000 residents in the Bay Area. In the past three years, SAHA has worked with LMCHD in providing health and wellness programs along with resources for low-income seniors in Columbia Park Manor in Pittsburg. Through LMCHD's support they have established a community garden program where seniors have been able to access fresh and healthy foods. This support leveraged further collaborations with the UC Cooperative Extension and Contra Costa County Health Services in providing additional services. This has reduced the number of deaths at Columbia Park Manor due to bad nutrition and neglected health issues. Opposes dissolution.

Phil Thomas, Pittsburg resident and taxpayer representing the Greater Faith Food Pantry, protests the dissolution of LMCHD. This organization feeds about 120 families each month; in 2017 they have served approximately 3,500 individuals with all-volunteer workers. He appreciates the Commission listening to their concerns. Opposes dissolution.

Debra Mason, Bay Point MAC member and Mt. Diablo School District Board President, a Bay Point resident, speaking on behalf of herself, is interested in the MSR process. She believes LMCHD is providing good service to the community; she urges LAFCO to review Ambrose Recreation and Park District, which spends the great majority of its annual tax revenues on staff and overhead. LMCHD has picked up many of the programs that Ambrose RPD used to provide, recognizing that recreation is an important part of a healthy community. Opposes dissolution of LMCHD.

Lee Mason, LMCHD Board Member, agreed that the District can and will make improvements. LMCHD can fill in gaps in providing healthcare needs. Opposes dissolution.

Billy Burks, resident, has been involved in feeding the hungry (a growing number of families) with the support of LMCHD. Opposes dissolution.

Deborah Polk, Reading Advantage Inc. (READ), has received funding from LMCHD since 2015 for early literacy programs, in partnership with other community agencies, that reduce health and social disparities in Bay Point and Pittsburg. In collaboration with the Contra Costa Housing Authority, children's libraries were established in two developments, El Pueblo and DeAnza Gardens. Children participate in READ's "take one-read one-keep one" program that builds home libraries. All of this has been possible with LMCHD funding. Other READ-agency collaborations have been instrumental in reaching low-income and underserved communities with literacy information, teaching parents the value of reading to their children from birth and building home libraries. [Lack of] access to books is the biggest single barrier to literacy development in the US and beyond. Opposes dissolution.

Godfrey Wilson, Executive Director, LMCHD, explained that getting data from the County Health Services, which has not done a health profile since 2010, has been difficult. So he went to organizations and communities to see what has been going on. Approximately 10,000 people are not counted in the population. The number one problem in the County is hospitalization cost. LMCHD has addressed that problem by providing prevention programs that reduce that cost, especially for people who are underserved. LMCHD also funds programs that keep people healthy. Prevention is key to a healthier community, and this is what LMCHD does with its grant programs. Opposes dissolution.

Dorlissa Smith, Greater Faith Food Pantry, stated that LMCHD should not be closed; the testimony of all these people clearly indicates this. Opposes dissolution.

Jearline Wheeler, Greater Faith Food Pantry, stated that many people in Pittsburg wanted to speak on behalf of many of the sick people of Pittsburg; these people need LMCHD's presence to continue. Opposes dissolution.

Arthur Fountain, LMCHD Board Vice President, introduced **Linda Strong, LMCHD Treasurer**, who read his statement. Chair Blubaugh asked that he send that statement to LAFCO for inclusion in the record. In short, Mr. Fountain opposes dissolution, as he believes it is an attempt by the County Board of Supervisors to transfer property from the District and its residents to the County. Mr. Fountain's written comments are available through the LAFCO office.

Satnam Singh, noted that the garden he is involved with needs LMCHD's support. Opposes dissolution.

Willie Mims, East County AACP and Pittsburg Black Political Association, believes that comparisons between WCCHD and CPHHCD are false. LMCHD has consistently paid on its debt and has substantial funds to meet future obligations. Is the County qualified to manage that facility? It's doing a poor job of managing its own facilities, according to published statistics. Maintain the status quo, and at the very least put it to the vote of residents of the District. Opposes dissolution.

Barbara Hunt, St. Vincent de Paul, has received funding from LMCHD since 2011 for its RotaCare Bay Area (Pittsburg) free medical clinic—100% of the funding goes to direct patient expenses. All of the patients are uninsured. Over 9,400 patient visits have been logged since opening in 2011; at an average cost of over \$1200/ER visit, this has saved the local economy and local healthcare system over

\$1.5 million. All of the doctors, nurses, technicians, etc. are volunteers. Without LMCHD funding, this clinic would be very limited in what it could do. Opposes dissolution.

Joleen Lafayette, Executive Director, Loaves and Fishes, has five dining rooms throughout County, and LMCHD has funded the Bay Point and Pittsburg dining room for the past eight years, has given over \$70,000 over that time, and just last year provided over 4,000 meals with their funding. Loaves and Fishes serves a hot noontime meal every weekday to anyone who is hungry, as well as providing a food pantry. This organization and the others speaking on behalf of LMCHD are all small, local organizations that can't get funding from large foundations. They depend on funding from agencies like LMCHD and are all providing healthcare and nutritional and senior care services; without funding from LMCHD these services would be reduced. Opposes dissolution.

Dita Carter, APT (Academic Participation through Sports) Sports, remembers that when she grew up in Pittsburg there were numerous activities for children and youth. Those have not been available to her son. APT Sports is an AAU League nonprofit that is funded by LMCHD to assist children in affordable participation, reducing the costs to parents considerably and providing direct support for expenses. This is important to the community. Opposes dissolution.

Taunita Trotter, Executive Director, HOPE Resources, received a stepping-stone grant from LMCHD in 2017 through the Summer Wellness Grant program for Aspire Summer Camp, serving grades K-7. With that support they were able to provide a healthy and innovative learning experience for 60 children enrolled in this summer camp. The grant from LMCHD enabled this organization to build a better community and develop healthy kids in communities that are often underserved. Opposes dissolution.

Dr. Marcus Lorenzo Penn, Self Care Reform Wellness, serves as a health collaborator with LMCHD and has worked with numerous senior-serving organizations. He was invited by LMCHD to develop a program for health and wellness through movement for seniors, based on research and data of the population to be served. Programs like this provide community, camaraderie, and connection—and tools that extend their quality of life, sense of personal ownership of their health, and knowledge of their healthcare district. All of these programs are provided at no cost to the participants, thanks to funding from LMCHD. Opposes dissolution.

Joe Rubi, resident of Pittsburg and former LMCHD Board member, told his story and said that the County's proposal to dissolve the District sounds like a big corporate takeover. Mr. Rubi has survived tumors in his head and his stomach, and will continue fighting on behalf of LMCHD.

Letters were received following the meeting from **Heidi Maguire, Executive Director, Pittsburg Police Activities League; Hang Mosier, Community Engagement and Partnerships Manager, Satellite Affordable Housing Associates; Edward Schroth, Executive Director, Lions Center for the Visually Impaired; Barbara Hunt, Development Director, RotaCare Pittsburg Free Medical Clinic at St. Vincent de Paul (see comments above); Sherry Caraballo Dorman, Board Chair, REadingADvantage, Inc.; Kori Noste, resident in LMCHD; Elaine Clark, CEO, Meals on Wheels and Senior Outreach Services (see comments above); and Jeannette Stotts, resident in LMCHD.**

Chair Blubaugh closed the public hearing, complimenting all of the speakers for staying within the time limits for comments.

Commissioner Glover stated that he believes he should be sitting on the dais for this hearing, as he has been the biggest advocate for LMCHD since its bankruptcy and through the years. He supported and is a great admirer of the grant program, and believes it needs to remain in place no matter what happens with the District. The programs supported by the LMCHD grant program are part of an important safety net that works with and supplements County programs. He added that this MSR process is not related to the dissolution application that has been filed with LAFCO. When that application comes before LAFCO, he will fight to retain the grant program because there is an opportunity to grow it.

Commissioner Glover went on to say that LMCHD has done an outstanding job in terms of its grant program, but he is interested in seeing how it can be enhanced and strengthened. Lower administrative costs and paying off the debt are both important. The County has been a part of the District ever since it declared bankruptcy. If the County had not taken on the facility, there would have been almost no health care facilities in East County. Commissioner Glover is not criticizing the LMCHD Board or staff, but he does feel that there are improvements that can be made.

Commissioner Skaredoff noted that this has been quite a revelation. He admits he came into this hearing wondering whether LMCHD was still relevant and whether there would be regrets if it disappeared. Now, with a whole page full of potential regrets, he sees that there is a role for LMCHD, and that there is a lot of creativity evidenced in the grant program. His biggest concern is the District's high administrative cost - approximately 50% of the total revenue. An organization that primarily manages data and passes through funds to other organizations seemingly should not have such high costs. Other organizations Commissioner Skaredoff works with have administrative costs in the 10-20% range, so he believes that something needs to be addressed in making LMCHD more transparent and efficient.

Commissioner McGill thanked everyone for their input. He learned a lot, and even though he has worked a lot in East County, he heard about programs he never knew existed. He has been a supporter of LMCHD for quite a while. He reiterated that this hearing is about the MSR, not about dissolution.

In response to Commissioner McGill's question about how these comments should be handled, the Executive Officer agreed that at this meeting LAFCO needs to hear about the MSR and changes to be made to the report. The comments are part of the public record, and will be summarized in the meeting minutes, but if they do not relate to the MSR itself, the comments will not go into a comment log.

Commissioner McGill then asked those in attendance to consider going back to the MSR and reviewing it for any factual changes, corrections, or questions they might have. He recognizes the value of the speakers' programs and concerns, and the Commissioners must not lose sight of these, but wants to be sure at this stage that the MSR has its facts right.

Commissioner Tatzin also thanked the speakers, noting that he remembered Joe Rubi coming before the Commission about 20 years ago when there was another ongoing discussion about LMCHD. Given that this hearing today is about the MSR, he would suggest that the discussion of LMCHD's list of community and health service programs on pages 47 and 48 be expanded to include a summary of today's testimonies so that those wanting to better understand the impact of LMCHD's grant program on the community could read that revised section.

Commissioners agreed with Commissioner Tatzin.

The Commission directed LAFCO staff to set a public hearing for January 10th, at which time the Commission will be asked to accept the Final MSR, make the required determinations, and update SOIs.

10. Commissioner Terms

The Executive Officer updated Commissioners on terms, noting that in May 2018, the terms of four Commissioners will expire: two County members, and two special district members. The County members are appointed by the Board of Supervisors; LAFCO staff will follow-up with County staff on these appointments. The special district members are appointed by the Independent Special District Selection Committee and LAFCO staff conducts the election process, which will begin in January 2018. Additionally, last month Alternate Public Member Sharon Burke announced her resignation from LAFCO effective Jan 1, 2018. The public members are appointed by the other members of the commission, and require an affirmative vote of at least one city member, one special district member and one county member. The Commission's policy on the public member provides for appointment by the Chair of a screening committee comprised of a city, a county and a special district member.

Discussion ensued regarding the Alternate Public Member application and appointment process and timeline. Commissioners suggested extending the recruitment to January 31, 2018, and the appointment date to March or April.

Chair Blubaugh appointed Commissioner Tatzin to represent the city members, Commissioner McGill for special district representation, and Commissioner Andersen as the County representative for the Alternate Public Member Screening Committee, and directed staff to begin the recruitment process in accordance with the timeline as determined by the Commission.

11. Recognition of Outgoing Commissioner

Chair Blubaugh read the "Resolution of Detachment" recognizing Commissioner Burke's significant contributions to LAFCO in the years since her appointment in October of 2009. Commissioner Andersen added that the County Board of Supervisors had also passed a resolution recognizing Sharon Burke's contributions to this county.

Prior to presentation of the resolutions, Commissioner Burke noted that she would leave the Commission with three requests: 1) Consider appointing the Public Member Alternate with a resident from the unincorporated County areas comprising 175,000 residents; 2) Change the setup for LAFCO alternates so that they can more fully participate in meetings; 3) the County Service Areas (CSAs) need a MSR dedicated to them; it is frustrating to see so little transparency from these dependent special districts, some of which have budgets in the millions; they need to be examined more closely.

The resolutions and a parting gift of a compass were presented to Commissioner Burke.

12. CCCERA Correspondence

There were no comments on this.

13. SDRMA Correspondence

There were no comments on this.

14. Commissioner Comments and Announcements

Commissioner McGill reported that he attended the CALAFCO Board meeting in Sacramento on December 8, the CALAFCO Legislative Committee meeting on December 15, and the CALAFCO Ad Hoc Finance Committee meeting on December 15.

15. Staff Announcements

The Executive Officer drew Commissioners' attention to the CALAFCO news and noted that there will be a full schedule this coming year.

At 3:55 p.m., Commissioners adjourned to Closed Session to discuss employee performance evaluation.

At 4:02 p.m., Commissioners reconvened and the Chair reported that the Commissioners had discussed the performance evaluation and will discuss with the Executive Officer.

The meeting adjourned at 4:03 p.m.

Final Minutes Approved by the Commission January 10, 2018.

AYES:

NOES:

ABSTAIN:

ABSENT:

By _____
Executive Officer



Lou Ann Teixeira
Executive Officer

MEMBERS

Candace Andersen
County Member

Donald A. Blubaugh
Public Member

Federal Glover
County Member

Michael R. McGill
Special District Member

Rob Schroder
City Member

Igor Skaredoff
Special District Member

Don Tatzin
City Member

ALTERNATE MEMBERS

Diane Burgis
County Member

Sharon Burke
Public Member

Tom Butt
City Member

Stanley Caldwell
Special District Member

January 10, 2018 (Agenda)

January 10, 2018
Agenda Item 8

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

**2nd Round Healthcare Services Municipal Services Review and
Sphere of Influence Updates**

Dear Members of the Commission:

BACKGROUND

In December 2017, the Commission received an overview of LAFCO’s *Public Review Draft Healthcare Services Municipal Services Review (MSR)*. This is LAFCO’s 2nd round healthcare services MSR, which covers services provided by three districts – Concord/Pleasant Hill Healthcare District (CPHHCD), Los Medanos Community Healthcare District (LMCHD), and West Contra Costa Healthcare District (WCCHD). The MSR also provides information regarding Contra Costa County Health Services and other healthcare services in the County.

Berkson Associates in association with the Abaris Group prepared the MSR report. At the December 13, 2017 LAFCO meeting, Mr. Berkson provided an overview of the *Public Review Draft MSR* report, which was released on December 7, 2017. Mr. Berkson’s December presentation focused on the MSR process; and provided an overview of the local agencies covered in the report, and the LAFCO MSR determinations as related to healthcare services. The MSR report and Mr. Berkson’s presentation are available on the Contra Costa LAFCO website (<http://contracostalafco.org>).

The public comment period ended on December 29, 2017. LAFCO received a comment letter from Contra Costa County (Attachment 1), and three comment letters from officials with the LMCHD (Attachments 2a-2c). Following the presentation on December 13th, the Commission held a public hearing and accepted public comments. In conjunction with the LAFCO hearing in December, 32 individuals spoke and another eight submitted letters, all of whom praised the work and services provided through LMCHD, and opposed dissolution of the district.

Based on comments received during the public comment period, the MSR consultants made revisions and updates to the report, as reflected in the Final Draft MSR (available online at <http://contracostalafco.org>).

On January 10th, the Commission will be asked to 1) accept the Final MSR report, 2) adopt a resolution containing the required MSR determinations (Attachment 3), and 3) update the SOIs for the three special districts covered in the MSR (Attachments 5a-5c).

DISCUSSION

The healthcare MSR is timely as continued access to healthcare is a significant national and local concern. Numerous trends will influence healthcare in the future, and by extension, the provision of services by healthcare local agencies, for example:

- ❖ The Bay Area population, similar to national trends, is aging as more baby boomers reach 65.
- ❖ Statewide, the demand for primary care is expected to grow 12 to 17 percent by 2030 as California's population ages.
- ❖ Physician supply will decline through 2030 because many doctors are at or near retirement age. In California, one-third of physicians and nurses is 55 or older.
- ❖ As a result of the Affordable Care Act, the uninsured rate among the nonelderly dropped from 18% in 2010 to 10% in 2016; however, in today's political environment the cost, coverage and availability of health insurance is highly uncertain, as is funding for services (e.g., Medicaid).
- ❖ The impact of telemedicine and other technological advances on the management, delivery and accessibility, and cost for certain healthcare services.

These factors are important to monitor to assure that healthcare districts, including those that no longer own hospitals, maintain their relevancy in a constantly changing healthcare environment.

In 2017, the Little Hoover Commission (LHC) issued a special study - "*Special Districts: Improving Oversight & Transparency.*" The report includes recommended measures to strengthen oversight of California's independent special districts. The LHC also focused specifically on healthcare districts, including those that no longer operate hospitals. In sum, the report:

- explored concerns about the relevance of healthcare districts
- documented successful examples where healthcare districts successfully shifted their focus from direct healthcare services and hospital operations to preventive care health services
- cited research from the Centers for Disease Control showing that "70 percent of chronic illnesses are preventable, and healthcare cost savings associated with keeping people healthy and out of hospitals are substantial
- emphasized the importance of coordination between counties and healthcare districts to avoid redundancies and to increase collaboration
- recommended that the statutory language that governs healthcare districts be updated to reflect "the shift from hospital-based healthcare to modern preventative care models"

The LHC hearings led to the enactment of new legislation to enhance transparency of healthcare districts, including website content and recommended policies relating to grant funding.

The 2nd round healthcare services MSR includes an overview of healthcare issues at the State level and in Contra Costa County, and focuses on the following: 1) updating information presented in the 2007 healthcare services MSR, 2) assessing the ability of healthcare service providers to maintain relevance and meet the changing healthcare landscape, and 3) identifying opportunities for coordination and collaboration among healthcare service providers in Contra Costa County.

MSR Determinations - In accordance with the MSR, LAFCO must prepare written determinations relating to various factors including the following:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

The MSR report includes a translation of the required MSR determinations into criteria more applicable to healthcare districts, as the standard determinations apply primarily to cities and special districts that provide utility infrastructure and public services such as water, wastewater and fire services. The proposed MSR determinations are presented in Attachment 1.

Sphere of Influence Updates - In accordance with the MSR, the Commission will also be asked to update the SOIs for each of the special districts.

The requirement for LAFCOs to conduct MSRs was established by the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH) as an acknowledgment of the importance of SOIs, and recognition that periodic updates of SOIs should be conducted on a five-year basis [Gov. Code §56425(g)], with the benefit of better information and data through MSRs [Gov. Code §56430(a)].

SOIs define the logical, long-term service boundary for an agency. SOIs can be the same, larger, or smaller than the existing local agency boundary. Contra Costa LAFCO has used various SOI designations including “zero,” which signals that services will ultimately be provided by another agency, and “provisional” SOI, which delineates that a future restructuring or change of organization is needed.

LAFCOs are required to make written determinations in accordance with Gov. Code §56425(e) when establishing, amending, or updating an SOI for any local agency that address the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.

2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any DUC with the existing SOI.

Additionally, when updating the SOIs for districts, LAFCOs are also required to establish the nature, location, and extent of any functions or classes of services provided [Section 56425(i)].

The MSR includes SOI options along with a number of governance options, as summarized in the attached table (Attachment 4). The MSR consultant and LAFCO staff will review these options with the Commission on January 10th, and the Commission will be asked to adopt SOI updates (Attachments 5a-5c).

It should be noted that in mid-November 2017, the County submitted an application to LAFCO to dissolve the LMCHD. The Commission may choose to update the SOI for the LMCHD at this time, or may defer the SOI update pending consideration of the dissolution proposal in the Spring.

ENVIRONMENTAL ANALYSIS

The MSR is a study, intended to serve as an informational tool to help LAFCO, local agencies and the public better understand the public service structure in Contra Costa County. The service review and determinations are a study and are Categorically Exempt under §15306, Class 6 of the California Environmental Quality Act (CEQA) Guidelines. LAFCO actions on SOI updates are exempt under the General Rule exemption §15061(b)(3) of the CEQA Guidelines.

RECOMMENDATIONS

1. Receive the staff and consultants' presentation and open the public hearing to consider accepting the Final MSR, adopting the MSR determinations and updating the SOIs;
2. After receiving public comments close the hearing;
3. Determine that the MSR project is Categorically Exempt pursuant to §15306, Class 6 of the CEQA Guidelines;
4. Determine that the SOI updates are Categorically Exempt pursuant to §15061(b)(3) of the CEQA Guidelines;
5. Accept the Final MSR report;
6. Adopt the MSR determinations by resolution attached hereto; and
7. Adopt the SOI updates attached hereto.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

c: Distribution

- Attachment 1- Letter from Karen Mitchoff, Vice Chair, Contra Costa County Board of Supervisors
- Attachment 2a – Letter from J. Vern Cromartie, Ed.D, President, LMCHD Board of Directors
- Attachment 2b – Letter from Godfrey L. Wilson, MPA, LMCHD Executive Director
- Attachment 2c – Letter from Craig D. Collins, CPA, Collins Accounting Company, Consultant, LMCHD
- Attachment 3 - Resolution with MSR Determinations
- Attachment 4 – Governance and SOI Options Table
- Attachment 5a – Resolution Updating SOI – Concord/Pleasant Hill HCD
- Attachment 5b – Resolution Updating SOI - Los Medanos Community HCD
- Attachment 5c – Resolution Updating SOI - West Contra Costa HCD

The Board of Supervisors

County Administration Building
651 Pine Street, Room 106
Martinez, California 94553-1293

John Gioia, 1st District
Candace Andersen, 2nd District
Diane Burgis, 3rd District
Karen Mitchoff, 4th District
Federal D. Glover, 5th District

Contra Costa County



David J. Twa
Clerk of the Board
and
County Administrator
(925) 335-1900

December 28, 2017

Via Hand Delivery

The Honorable Donald A. Blubaugh
Chair, Contra Costa County Local Agency Formation Commission
651 Pine Street, 6th Floor
Martinez, CA 94553

RE: LAFCo HEALTHCARE SERVICES MUNICIPAL SERVICE REVIEW PUBLIC COMMENT LETTER

Dear Mr. Blubaugh,

The County appreciates the opportunity to provide comments to the draft Healthcare Services Municipal Services Review (MSR) currently before the Local Agency Formation Commission (LAFCo). Prior to sharing specific comments related to the report, we would like to acknowledge the efforts of your staff and your consultant, Berkson Associates, in developing the information included in the MSR, including discussions with the County about the healthcare services the County provides to its residents.

As you may know, the County is the largest provider of indigent healthcare services in the County. The largest clinic in the County's health system, the Pittsburg Health Clinic, is operated in the area served by the Los Medanos Community Healthcare District (the "District," or "LMCHD"). Based on our active involvement in serving the healthcare needs of this community, we respectfully submit for your consideration the following comments to the MSR as it relates to the LMCHD:

- The MSR correctly notes that the LMCHD was formed in 1946 for the purpose of constructing a hospital to serve the community. (Page 37.) The MSR also notes that the District filed for bankruptcy in 1994, at which time it closed its hospital. (Pages 6, 37.) What the MSR does not note is that when the District closed its hospital, it stopped providing direct healthcare services and that it has never resumed providing direct healthcare services. Instead, the LMCHD, after paying its own significant overhead expenses, donates taxpayer dollars to third parties that provide health-related programs. The healthcare services that are provided at the District's former hospital site are provided by the County.
- As noted in the MSR, the LMCHD leases its former hospital facilities to the County for use as the Pittsburg Health Clinic. (Page 6.) The MSR also notes that, under the terms of the lease, the County pays rent in the amount of \$100,000 per year. (Pages 7, 50.) In addition, the MSR notes that since entering into the lease, the County has paid in excess of \$24 million for capital improvements to the Pittsburg Health Center. (Pages 41, 50.) But what the MSR does not mention is that the County has the responsibility for maintaining the building as part of the lease. (See section A.7 of the lease.) In other words, the lease was structured in a way that resulted in two forms of rent: an annual payment of \$100,000, which the County pays and is directed to the State of California to satisfy the District's bankruptcy debt, and the obligation to maintain the building. What this means is that, when the \$24 million that the County has paid for capital improvements is taken into consideration, the County has paid, on average, approximately \$1.36 million per year in rent over the last 19 years. (This amount does not include the County's cost of borrowing funds for use in making the capital improvements to the facility, such as interest on municipal bonds.)

- The MSR mentions that the County and the District are currently engaged in lease negotiations. (Pages 7, 50.) The MSR goes on to suggest that these negotiations have the potential to increase cash flow to the District. (Pages 7, 10, 52.) This suggestion is incorrect, at least through July 31, 2026. Under the terms of the settlement agreement between the District and the State of California,¹ which was part of the bankruptcy court order issued in 1998, the District owes all lease payments made by the County to Cal-Mortgage through July 31, 2026. Any increase in the rental rate above the current \$100,000 per year will result in pulling local healthcare dollars from the County's hospital and clinic system and redirecting those funds to the State to satisfy the debts of the District. Furthermore, increasing the rental rate above the current \$100,000 per year will necessitate a restructuring of the lease to shift the cost of maintenance and repairs to the District (to keep the rent structure at a market rate). If that were to occur, the result, at least through July 31, 2026, would be that both the County and the District would have fewer financial resources to dedicate to healthcare services. Restructuring the lease in this manner could also potentially result in deterioration in the condition of the Pittsburg Health Center, since the District's cash flow will not have increased.
- When discussing administrative overhead costs associated with healthcare districts in the County generally, the MSR cites LMHCD as showing "...51 percent of General Fund revenues allocated towards overhead" and states that "*This overhead ratio, which is slightly less if building lease revenues are included, could be lower in future years depending on changes to future lease revenue received for its former hospital building.*" (Page 9.) Although it may be true from an accounting perspective that the overhead ratio could be lower in the future if lease revenue from the County increases, as stated in our comments above, all increased lease revenue to the District is simply passed-through to the State. Any impact on the District's overhead ratio resulting from the County paying higher rent would have no practical benefit from an operating perspective.

In conclusion, we understand that part of the MSR process is the evaluation of future governance options, in this case for healthcare districts operating within Contra Costa County. In making such an evaluation, we believe the emphasis should be on ensuring that taxpayer dollars are used as efficiently as possible to serve the healthcare needs of the community.

Should you have any questions regarding the County's comments, please contact Senior Deputy County Administrator Timothy Ewell at (925) 335-1036 or timothy.ewell@cao.cccounty.us.

Best regards,

KAREN MITCHOFF
Vice-Chair, Board of Supervisors
Contra Costa County

cc: *Members of the Board of Supervisors*
David J. Twa, County Administrator
William Walker, MD, Health Services Director
Kathleen Andrus, Deputy County Counsel

¹ The settlement agreement is between the District and the Office of Statewide Health Planning and Development of the State of California (OSHPD), Cal-Mortgage Loan Insurance Division (Cal-Mortgage).



December 13, 2017

Ms. Lou Ann Texeira
Executive Officer
Contra Costa County Local Agency
Formation Commission
651 Pine Street, 6th Floor
Martinez, CA 94553

Subject: Statement to LAFCO Hello,

My name is Dr. J. Vern Cromartie and I am the president of the Los Medanos Community Healthcare District Board of Directors. As you know, our district is known by the acronym LMCHD. The mission of LMCHD is to reduce health disparities in our district. As the Board president, I assure you that we engage in a best practices approach wherein we will take corrective action when needed. I also assure you that we are committed to improving service delivery; we are committed to expanding transparency by having a website with basic information; and we are committed to standardizing the reporting of our revenues, expenditures, and reserves.

In 1994, we made a successful shift from a hospital-based healthcare model to a preventative care model. As was noted in the MSR report, the Centers for Disease Control has reported that 70 percent of chronic diseases are preventable. The Centers for Disease Control has also informed us that healthcare cost savings associated with keeping people healthy and out of hospitals are substantial. The LMCHD Board of Directors recognizes the importance of coordination between our healthcare district and Contra Costa County as well as community based organizations. That is why our programs focus on helping to provide healthy food to our residents, obesity prevention, and nutrition education.

As a district, we have a process in place to ensure that allocated grant funding is consistent with our mission and the purpose of the district. In May 2013, Contra Costa Health Services released a report titled *Health Indicators and Environmental Factors Related to Obesity for Antioch, Bay Point, and Pittsburg*. That report acknowledged that we have a major problem in Pittsburg and Bay Point related to obesity. For example, that report said that 43.7% of the students in the Pittsburg Unified School District are overweight or obese. Likewise, in 2016, the Kaiser Foundation Hospital Antioch released a report titled *2016 Community Health Needs Assessment*. It too acknowledged that we have a major problem in Pittsburg and Bay Point related to obesity.

Ladies and gentlemen of LAFCO, I ask you to recognize that LMCHD is a part of the solution to reducing obesity and not a part of the problem. Again, LMCHD is a part of the solution and not a

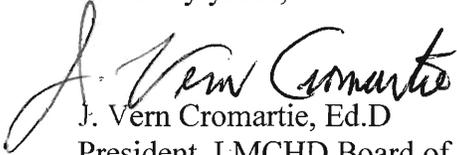
"A Public Entity Serving East County"

Lou Ann Texeira
LAFCO
Page 2

part of the problem. The dissolution of the LMCHD will have dire consequences for the residents of Pittsburg, Bay Point, and our other areas in terms of the provision of healthy food, obesity prevention, and nutrition education. Contrary to the MSR Report, the fact is that (1) today we do have people in our district who have life circumstances that make them susceptible to falling through the cracks in the health care system; (2) today we do have people in our district who do not have health insurance or cannot afford it; and (3) today we do have people in our district with insurance but sometimes face insufficient coverage.

As a military veteran who made an oath to defend the Constitution of this country and a director of the LMCHD who also made an oath to defend the Constitution of this state, I respectfully request that you do not replace elected officials with only appointed officials because that promotes anti-democratic practices. Instead, I respectfully request that you allow the LMCHD to maintain the status quo and make any corrections we need to address, including reducing our administrative costs, updating our website, updating our health profile, and updating our strategic plan. We are able and willing to do this. Please allow the LMCHD to continue to serve the people of Pittsburg, Bay Point and our other areas. Thank you for your attention.

Sincerely yours,

A handwritten signature in black ink that reads "J. Vern Cromartie". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

J. Vern Cromartie, Ed.D
President, LMCHD Board of Directors



"Advancing Solutions to Health Disparities"

December 29, 2017

Mr. Richard Berkeson
Berkson Associates
Urban Economics, Policy Forensics and
Planning and Policy Analysis

Dear Mr. Berkeson,

Thank you for your efforts to provide a fair and objective analysis of our Los Medanos Health Care District and the other Health Care Districts in Contra Costa County in the Public Review Draft of the Healthcare Services MSR dated December 2, 2017. We appreciate your thorough discussion of the District's healthcare needs and your recognition of the District's adherence to best practices in our industry.

The primary concern expressed in the draft report regarding our District is that "[t]he [cost] allocations to overhead are high, as they represent roughly half of total revenues, and exceed the amounts budgeted for community health programs and grants" (page 55 of the draft report). In order to arrive at the determination that overhead or administrative costs represent "roughly half of total revenues," the report refers to the District's adopted fiscal year 2017-2018 budget earlier on page 55 and also on page 52. While we understand how this calculation was performed, we disagree that using these figures accurately communicates the District's administrative cost percentage.

The District's adopted budget for the 2017-2018 fiscal year was not prepared for the purpose of determining the true amount of administrative costs borne by the District when compared to the District's total revenue, but rather as a financial plan designed to make the budgeting process more efficient and to anticipate contingencies in operations. Because of this perspective difference, the budget is prepared on a budgetary basis which differs from the way the District's financial statements for the year are presented on generally accepted accounting principles. Looking at actual financial results over the past two years yields a significantly lower and more accurate administrative percentage.

One of the key differences between the presentation of the budget and presentation of the District's actual financial statements is that the cost of all District personnel is combined into a subcategory of administrative expenses for budgeting purposes, even though a portion of the time devoted by these staff members is spent directly on the District's programs. This is done to avoid the complexity of having to estimate the allocation of budgeted staff positions among the District's programs before the year begins, but clearly we do have the expectation that District staff will devote time to the programs that provide so much community benefit. During the year, the staff time actually spent on the health and wellness program and the community garden is recorded in our accounting software so that we can produce financial statements at year end that reflect the actual amount of effort devoted to these programs. We have focused on these two District programs as they have historically been of interest,

"A Public Entity Serving East County"

but this practice has omitted staff time devoted to other program functions such as the District Programs and Activities Committee and community outreach efforts. Even if we ignore the time spent on the District Programs and Activities Committee and community outreach and focus only on the time captured in the books for the grants and community garden, the 2015-2016 audit report shows our administrative costs were, at most, 32.57% of total recognized revenue and our unaudited 2016-2017 books currently reflect administrative costs of not more than 32.9% of total recognized revenue, as detailed on the attached worksheet.

Page 55 of the Draft MSR does include some administrative cost calculations based on actual FY 2015-2016 figures, but in addition to using the reported figures to arrive at 36% of general fund revenues, the report gives an alternative calculation of 40% administrative costs if the "\$41,400 administrative staff costs allocated to Community Health Programs" are included. We disagree with including the staff costs allocated to Community Health Programs in administrative cost. As the Draft MSR notes on page 47, the community health programs help to meet the District's strategic goals. These programs, which are a critical component of the District's strategy at a time when the importance of preventive care cannot be over-emphasized, could not run on their own. In addition, the allocation of staff time required to perform direct services is a well-established accounting practice in the not-for-profit sector, where the evaluation of administrative costs is of critical importance.

Some of the administrative cost calculations used in the Draft MSR show the administrative cost as a percentage of general fund revenues and omit the lease income that is currently \$100,000 per year from the calculation, which also results in a percentage that is higher than if the lease income were included. Since the District is currently devoting substantial administrative effort to relations with the County, renegotiating the lease, and evaluating the OSHPD debt, we feel that the omission of lease income from the administrative cost calculation incorrectly distorts the administrative percentage. Although District staff is currently spending more time on this than in the past, the District has been preparing for the lease negotiation and OSHPD balloon payments for several years, and has also had the need to work with the County as a tenant from time to time on property concerns such as the signage and parking lost renovations mentioned on page 50 of the Draft MSR. Without the lease and related debt payment, administrative effort devoted to these functions would not be required.

It is clear that the County's current rental rate, \$100,000 per year for use of a 130,900 square-foot former hospital facility, is well below fair market rent at only \$0.064 per square foot per month. Because this was clearly intended as a subsidy to the County to provide healthcare services within the District and since the current lease requires use of the building for those services, the District regards the building as an extension of its program services. Since the fair rental value of the building is likely closer to \$1,200,000 per year and the entire building is used by the County to provide health services to the District, the economic value of the District's lease revenue would actually be closer to \$1,200,000 per year. Recognizing this reality would reduce the District's administrative cost percentage to 17.21% of total revenues based on 2016-2017 unaudited data. The attached worksheet demonstrates the calculation of this amount.

In view of the above, we request that the references that calculate the District's administrative cost based on the FY 2017-2018 budget document on pages 52 and 55 be removed and replaced with a discussion about the 2016-2017 unaudited data provided.

Concerns about excessive administrative costs are certainly valid. What these concerns are expressing at their core is the desire to improve efficiency by avoiding duplicative costs that do not contribute to District solutions. In addition to running a grant program that directly benefits District residents, District staff maintain a presence in this community and District Board members spend numerous hours within and outside of meetings focusing on the needs and concerns of the District. Could these costs be eliminated without a cost in terms of local control for District residents? Probably not.

Sincerely,

A handwritten signature in black ink, appearing to read "Godfrey Wilson", written over a large, light-colored oval shape.

Godfrey L. Wilson, MPA
Executive Director

Los Medanos Community Healthcare District Administrative Cost Analysis

UNAUDITED

	2017-2018 Budget	2016-2017 Actual	2016-2017 with Imputed Lease
ADMINISTRATIVE EXPENDITURES			
ADMINISTRATIVE SERVICES			
62750 · Microsoft Exchange Server	1,000.00	898.44	898.44
63605 · Website Designer	9,000.00	8,550.00	8,550.00
62700 · IT Support Services	4,000.00	2,025.00	2,025.00
62751 · Agenda Management System		1,661.29	1,661.29
60100 · Advertising and Promotion	2,500.00	2,022.37	2,022.37
61910 · Storage	2,400.00	0.00	0.00
61210 · Finance Charges	150.00	106.45	106.45
62600 · Professional Fees	6,000.00	13,798.73	13,798.73
62100 · Payroll Processing Fees	150.00	157.50	157.50
60300 · Bank Service Charges	150.00	0.00	0.00
60200 · Auditing Services	9,000.00	8,180.00	8,180.00
60000 · Accounting / Bookkeeping	24,000.00	21,990.00	21,990.00
Total ADMINISTRATIVE SERVICES	58,350.00	59,389.78	59,389.78
60500 · BOARD ELECTION CHARGES		300.00	300.00
60550 · BOARD STIPEND FEES	24,000.00	22,000.00	22,000.00
COUNTY FEES/DISTRICT DUES			
61600 · LAFCO District Fees	600.00	501.59	501.59
61000 · ACHD & CSDA Dues	15,000.00	13,208.00	13,208.00
60850 · County Admin Fees	8,000.00	6,703.00	6,703.00
Total COUNTY FEES/DISTRICT DUES	23,600.00	20,412.59	20,412.59
INSURANCE			
61500 · Insurance Expen (Gen Liability)	10,000.00	7,783.96	7,783.96
61400 · Insurance-D&O	26,500.00	22,583.22	22,583.22
Total INSURANCE	36,500.00	30,367.18	30,367.18
61700 · LEGAL SERVICES	60,000.00	26,690.00	26,690.00
OFFICE EXPENSES			
62550 · Snacks	650.00	1,122.77	1,122.77
62500 · Printing	1,500.00	670.63	670.63
63201 · Travel-EE Mileage Reimbursement	1,400.00	859.85	859.85
60250 · Board Meeting Expenses	3,500.00	3,484.37	3,484.37
60870 · Discretionary Expn-CEO	2,500.00	561.91	561.91
62450 · Small Equipment	4,000.00	7,733.84	7,733.84
61100 · Equipment Rent (Copier)	1,400.00	1,412.71	1,412.71
62200 · Phone/Fax/Internet	5,000.00	4,818.21	4,818.21
62300 · Postage & Delivery	850.00	970.08	970.08
62400 · Post Office Box Rental	348.00	348.00	348.00
62000 · Office Supplies	13,000.00	12,285.14	12,285.14

No assurance is provided. Budget equals the budget adopted by the Board for 2017-2018, without amendments or adjustments.

Los Medanos Community Healthcare District Administrative Cost Analysis

	UNAUDITED		
	2017-2018	2016-2017	2016-2017 with
	Budget	Actual	Imputed Lease
Total OFFICE EXPENSES	34,148.00	34,267.51	34,267.51
SEMINARS/TRAVEL			
63000 · Conferences, Seminars, & Travel	15,000.00	15,934.63	15,934.63
Total SEMINARS/TRAVEL	15,000.00	15,934.63	15,934.63
WAGES & PAYROLL TAXES			
63800 · Workers Comp Insurance	4,000.00	1,386.00	1,386.00
63500 · Wages	134,000.00	171,333.43	171,333.43
62150 · Payroll Taxes	12,500.00	14,800.91	14,800.91
Total WAGES & PAYROLL TAXES	150,500.00	187,520.34	187,520.34
TOTAL ADMINISTRATIVE EXPENDITURES	402,098.00	396,882.03	396,882.03
General Fund Income			
Income			
40000 · GENERAL TAX REVENUES			
40500 · CCC Tax Revenue per QB Deposit	896,000.00	891,245.47	891,245.47
44150 · CC County RDA PTP	21,000.00	10,538.54	10,538.54
44200 · RPTTF Antioch Residual		917.26	917.26
44225 · RPTTF CC County Residual	22,000.00	21,573.10	21,573.10
44250 · Pittsburg RDA PTP	36,758.00	143,957.90	143,957.90
Total 40000 · GENERAL TAX REVENUES	975,758.00	1,068,232.27	1,068,232.27
41111 · INTEREST INCOME	5,000.00	6,811.45	6,811.45
GRANTS AND CONTRIBUTIONS			
41002 · AAHEC Grant Income	10,000.00	11,714.60	11,714.60
49100 · Returned Grant Funds		17,801.57	17,801.57
MISCELLANEOUS INCOME			
49001 · Miscellaneous		836.40	836.40
49000 · Income from Garden Plots	1,000.00	1,070.00	1,070.00
Total General Fund Income	991,758.00	1,106,466.29	1,106,466.29
Other Income			
43000 · Lease Income	100,000.00	100,000.00	100,000.00
43001 · Imputed Lease Income	0.00	0.00	1,100,000.00
TOTAL REVENUE	1,091,758.00	1,206,466.29	2,306,466.29
Max Admin Expenditures as a % of Total Revenue	36.83%	32.90%	17.21%

COLLINS ACCOUNTANCY COMPANY

**620 THIRD STREET, SUITE 120
POST OFFICE BOX 426
LINCOLN, CALIFORNIA 95648-0426
TELEPHONE: (916) 626-4984**

**CRAIG D. COLLINS, CPA
LINDA FOSTER, CPA, MS TAX
WEBSITE: [HTTP://WWW.COLLINSACCT.COM/](http://www.collinsacct.com/)**

December 29, 2017

Ms. Lou Ann Texeira
Executive Officer
Contra Costa County Local Agency Formation Commission
651 Pine Street, 6th Floor
Martinez, CA 94553

Re: Healthcare Services MSR & SOI Study (2nd Round) – Public Review Draft

Dear Ms. Texeira:

Thank you for your efforts to provide a fair and objective analysis of the Los Medanos Community Healthcare District and the other healthcare districts in Contra Costa County in the Public Review Review Draft of the Healthcare Services MSR dated December 2, 2017 prepared by Berkson Associates. We appreciate the draft's thorough discussion of the District's healthcare needs and recognition of the District's adherence to best practices in our industry.

The primary concern expressed in the draft report regarding the District is that “[t]he [cost] allocations to overhead are high, as they represent roughly half of total revenues, and exceed the amounts budgeted for community health programs and grants” (page 55 of the draft report). In order to arrive at the determination that overhead or administrative costs represent “roughly half of total revenues,” the report refers to the District's adopted fiscal year 2017-2018 budget earlier on page 55 and also on page 52. While we understand how this calculation was performed, we disagree that using these figures accurately communicates the District's administrative cost percentage for ongoing operations.

The District's adopted budget for the 2017-2018 fiscal year was not prepared for the purpose of determining the true amount of administrative costs borne by the District when compared to the District's total revenue, but rather as a financial plan designed to make the budgeting process more efficient and to anticipate contingencies in operations. Because of this perspective difference, the budget is prepared on a budgetary basis which differs from the way the District's financial statements for the year are presented on generally accepted accounting principles. Looking at actual financial results over the past two years yields a significantly lower and more accurate administrative percentage.

One of the key differences between the presentation of the budget and presentation of the District's actual financial statements is that the cost of all District personnel is combined into a subcategory of administrative expenses for budgeting purposes, even though a portion of the time devoted by these staff members is spent directly on the District's programs. This is done to avoid the complexity of having to estimate the allocation of budgeted staff positions among the

District's programs before the year begins, but, clearly, the District does have the expectation that District staff will devote time to the programs that provide community benefit. During the year, the staff time actually spent on the health and wellness program and the community garden is recorded in the accounting software so that the District can produce financial statements that reflect the actual amount of effort devoted to these programs. The District has focused on these two programs (health and wellness grants and the community garden) as they have historically been of interest, but this practice has omitted staff time devoted to other program functions such as the District Programs and Activities Committee and community outreach efforts. Even if we ignore the time spent on the District Programs and Activities Committee and community outreach and focus only on the time captured in the books for the grants and community garden, the 2015-2016 audit report shows our administrative costs were, at most, 32.57% of total recognized revenue and our unaudited 2016-2017 books currently reflect administrative costs of not more than 32.9% of total recognized revenue, as detailed on the attached worksheet.

Use of the 2017-2018 budgeted figures is also distorting because 2017-2018 will be an unusual year for the District. On July 31, 2018, the initial 20-year term of the building lease to the County will come to an end. Accordingly, legal costs related to the lease negotiation have been budgeted at a higher level than would normally be required in the District's routine operations. The difference between the 2017-2018 budget for legal costs and the actual expenses incurred in 2016-2017 is demonstrated in the attached worksheet, where the 2017-2018 budget included \$60,000 for this purpose, but the actual legal expenditures in 2016-2017 were only \$26,690. This unusual event should not be given undue weight in assessing the administrative burden of the District's operations going forward.

Page 55 of the Draft MSR does incorporate some administrative cost calculations based on actual FY 2015-2016 figures, but in addition to using the reported figures from the audit to arrive at 36% of general fund revenues, the report gives an alternative calculation of 40% administrative costs if the "\$41,400 administrative staff costs allocated to Community Health Programs" are included as part of administrative rather than program cost. We disagree with including the staff costs allocated to Community Health Programs in administrative cost. As the Draft MSR notes on page 47, the community health programs help to meet the District's strategic goals. These programs, which are a critical component of the District's strategy at a time when the importance of preventive care cannot be over-emphasized, could not run on their own. In addition, the allocation of staff time required to perform program services is a well-established accounting practice in the not-for-profit sector.

Some of the administrative cost calculations used in the Draft MSR show the administrative cost as a percentage of general fund revenues and omit the lease income that is currently \$100,000 per year from the calculation, which results in a percentage that is higher than if the lease income were included. Since the District is currently devoting substantial administrative effort to relations with the County, renegotiating the lease, and evaluating the OSHPD debt, we feel that the omission of lease income from the administrative cost calculation incorrectly distorts the administrative percentage. Although District staff is currently spending more time on this than in the past, the District has been preparing for the lease negotiation and OSHPD balloon

payments for several years, and has also had the need to work with the County as a tenant from time to time on property concerns such as the building signage and parking lot renovations mentioned on page 50 of the Draft MSR. Without the lease and related debt payment, administrative effort devoted to these functions would not be required.

It is clear that the County's current rental rate, \$100,000 per year for use of a 130,900 square-foot former hospital facility, is well below fair market rent at only \$0.064 per square foot per month. Because this below-market rent was clearly intended as a subsidy to the County to provide healthcare services within the District and since the current lease requires use of the building for healthcare-related purposes, the District regards the building as an extension of its program services. Since the fair rental value of the building is likely closer to \$1,200,000 per year and the building is used by the County to provide health services to the District, the economic value of the District's lease revenue would actually be closer to \$1,200,000 per year. Recognizing this reality would reduce the District's administrative cost percentage to a maximum of 17.21% of total revenues based on 2016-2017 unaudited data. The attached worksheet demonstrates the calculation of this amount.

In view of the differences between budget and actual reporting that we have discussed as well as the justification for including the lease revenue in the total revenue base, we request that the references in the Draft MSR that calculate the District's administrative cost based on the FY 2017-2018 budget document on pages 52 and 55 be removed and replaced with a discussion about the 2016-2017 unaudited data provided.

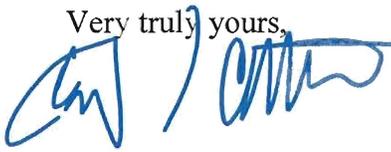
What concerns about excessive administrative cost are expressing at their core is the desire to improve efficiency by avoiding duplicative costs that do not contribute to District solutions. In addition to running a grant program that directly benefits District residents, District staff maintain a presence in this community, attend community events, and provide support and oversight to the District's non-profit service providers, and District Board members spend numerous hours within and outside of meetings focusing on the needs and concerns of the District. The District's four employees are currently devoted to District needs, but do not receive health benefits, pension benefits, or other post-employment benefits that are significant components of employee compensation in many other local government entities. Eliminating these "administrative" costs could cost the District in terms of reduced access to personnel and a lack of leadership on the health disparities that are specific to this community. Attempting to fully replace the District's current service level with personnel receiving full benefits from another public agency could result in an increase in cost.

My firm serves the District as a consultant, which involves applying accounting and expertise to specified tasks, but does not involve procedures like those performed during an independent audit. We have not performed an audit or review of the District or any of the numbers stated in this letter. Accordingly, this letter should not be taken as an independent opinion on the District's financial statements or any portion of them.

Thank you for your consideration of these comments.

Ms. Lou Ann Texeira
Contra Costa County Local Agency Formation Commission
December 29, 2017
Page 4 of 4

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Craig D. Collins', written over the closing 'yours,'.

Craig D. Collins, CPA
Partner

Los Medanos Community Healthcare District Administrative Cost Analysis

UNAUDITED

	2017-2018 Budget	2016-2017 Actual	2016-2017 with Imputed Lease
ADMINISTRATIVE EXPENDITURES			
ADMINISTRATIVE SERVICES			
62750 · Microsoft Exchange Server	1,000.00	898.44	898.44
63605 · Website Designer	9,000.00	8,550.00	8,550.00
62700 · IT Support Services	4,000.00	2,025.00	2,025.00
62751 · Agenda Management System		1,661.29	1,661.29
60100 · Advertising and Promotion	2,500.00	2,022.37	2,022.37
61910 · Storage	2,400.00	0.00	0.00
61210 · Finance Charges	150.00	106.45	106.45
62600 · Professional Fees	6,000.00	13,798.73	13,798.73
62100 · Payroll Processing Fees	150.00	157.50	157.50
60300 · Bank Service Charges	150.00	0.00	0.00
60200 · Auditing Services	9,000.00	8,180.00	8,180.00
60000 · Accounting / Bookkeeping	24,000.00	21,990.00	21,990.00
Total ADMINISTRATIVE SERVICES	58,350.00	59,389.78	59,389.78
60500 · BOARD ELECTION CHARGES		300.00	300.00
60550 · BOARD STIPEND FEES	24,000.00	22,000.00	22,000.00
COUNTY FEES/DISTRICT DUES			
61600 · LAFCO District Fees	600.00	501.59	501.59
61000 · ACHD & CSDA Dues	15,000.00	13,208.00	13,208.00
60850 · County Admin Fees	8,000.00	6,703.00	6,703.00
Total COUNTY FEES/DISTRICT DUES	23,600.00	20,412.59	20,412.59
INSURANCE			
61500 · Insurance Expen (Gen Liability)	10,000.00	7,783.96	7,783.96
61400 · Insurance-D&O	26,500.00	22,583.22	22,583.22
Total INSURANCE	36,500.00	30,367.18	30,367.18
61700 · LEGAL SERVICES	60,000.00	26,690.00	26,690.00
OFFICE EXPENSES			
62550 · Snacks	650.00	1,122.77	1,122.77
62500 · Printing	1,500.00	670.63	670.63
63201 · Travel-EE Mileage Reimbursement	1,400.00	859.85	859.85
60250 · Board Meeting Expenses	3,500.00	3,484.37	3,484.37
60870 · Discretionary Expn-CEO	2,500.00	561.91	561.91
62450 · Small Equipment	4,000.00	7,733.84	7,733.84
61100 · Equipment Rent (Copier)	1,400.00	1,412.71	1,412.71
62200 · Phone/Fax/Internet	5,000.00	4,818.21	4,818.21
62300 · Postage & Delivery	850.00	970.08	970.08
62400 · Post Office Box Rental	348.00	348.00	348.00
62000 · Office Supplies	13,000.00	12,285.14	12,285.14

Los Medanos Community Healthcare District Administrative Cost Analysis

	UNAUDITED		
	2017-2018 Budget	2016-2017 Actual	2016-2017 with Imputed Lease
Total OFFICE EXPENSES	34,148.00	34,267.51	34,267.51
SEMINARS/TRAVEL			
63000 · Conferences, Seminars, & Travel	15,000.00	15,934.63	15,934.63
Total SEMINARS/TRAVEL	15,000.00	15,934.63	15,934.63
WAGES & PAYROLL TAXES			
63800 · Workers Comp Insurance	4,000.00	1,386.00	1,386.00
63500 · Wages	134,000.00	171,333.43	171,333.43
62150 · Payroll Taxes	12,500.00	14,800.91	14,800.91
Total WAGES & PAYROLL TAXES	150,500.00	187,520.34	187,520.34
TOTAL ADMINISTRATIVE EXPENDITURES	402,098.00	396,882.03	396,882.03
General Fund Income			
Income			
40000 · GENERAL TAX REVENUES			
40500 · CCC Tax Revenue per QB Deposit	896,000.00	891,245.47	891,245.47
44150 · CC County RDA PTP	21,000.00	10,538.54	10,538.54
44200 · RPTTF Antioch Residual		917.26	917.26
44225 · RPTTF CC County Residual	22,000.00	21,573.10	21,573.10
44250 · Pittsburg RDA PTP	36,758.00	143,957.90	143,957.90
Total 40000 · GENERAL TAX REVENUES	975,758.00	1,068,232.27	1,068,232.27
41111 · INTEREST INCOME	5,000.00	6,811.45	6,811.45
GRANTS AND CONTRIBUTIONS			
41002 · AAHEC Grant Income	10,000.00	11,714.60	11,714.60
49100 · Returned Grant Funds		17,801.57	17,801.57
MISCELLANEOUS INCOME			
49001 · Miscellaneous		836.40	836.40
49000 · Income from Garden Plots	1,000.00	1,070.00	1,070.00
Total General Fund Income	991,758.00	1,106,466.29	1,106,466.29
Other Income			
43000 · Lease Income	100,000.00	100,000.00	100,000.00
43001 · Imputed Lease Income	0.00	0.00	1,100,000.00
TOTAL REVENUE	1,091,758.00	1,206,466.29	2,306,466.29
Max Admin Expenditures as a % of Total Revenue	36.83%	32.90%	17.21%

**RESOLUTION OF THE CONTRA COSTA
LOCAL AGENCY FORMATION COMMISSION**

**ADOPTING DETERMINATIONS FOR THE 2017-18 HEALTHCARE SERVICES
MUNICIPAL SERVICE REVIEW**

WHEREAS, Government Code (GC) §56430 requires LAFCO to conduct municipal service reviews (MSRs) in order to prepare and update spheres of influence (SOIs) pursuant to GC§56425; and

WHEREAS, the Commission previously authorized the *Healthcare Services MSR* to be prepared; and

WHEREAS, the MSR covers services provided by three districts - Concord/Pleasant Hill Healthcare District, Los Medanos Community Healthcare District, and West Contra Costa Healthcare District, along with information regarding Contra Costa County Health Services; and

WHEREAS, this is the 2nd round *healthcare services MSR* which focuses on: 1) updating information presented in the 2007 healthcare services MSR, 2) assessing the ability of healthcare service providers to maintain relevance and meet the changing healthcare landscape, and 3) identifying opportunities for coordination and collaboration among healthcare service providers in Contra Costa County; and

WHEREAS, on December 13, 2017, the Commission held a public hearing to receive an overview of the Public Review Draft MSR, receive public comments, and provide input; and

WHEREAS, on January 10, 2018, the Commission held a public hearing to receive the Final Draft MSR and recommended determinations and SOI updates; and

WHEREAS, the MSR report and determinations are Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to §15306 Class 6 of the CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED that the Contra Costa Local Agency Formation Commission does hereby resolve, determine and order as follows:

The *Healthcare Services MSR* (2nd Round) determinations attached hereto as Exhibit A and incorporated herein by reference are hereby adopted.

* * * * *

PASSED AND ADOPTED THIS 10th day of January 2018, by the following vote:

- AYES:
- NOES:
- ABSTENTIONS:
- ABSENT:

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: January 10, 2018

Lou Ann Teixeira, Executive Officer

EXHIBIT A
HEALTHCARE SERVICES
MUNICIPAL SERVICE REVIEW DETERMINATIONS

GROWTH AND POPULATION

- As population increases, healthcare needs are likely to grow along with pressure for increased access to healthcare and preventative programs. Healthcare districts can provide needed funding to help address these issues, including helping to reduce demands on emergency room care and costly treatment of chronic conditions.
- The Association of Bay Area Governments (ABAG) forecasts overall countywide growth of nearly one percent annually from 2015 to 2020. Over the longer-term horizon, ABAG estimates a total increase in County population of 23 percent from 2015 through 2040.
- Population growth within healthcare districts generally exceeds County averages. Concord/Pleasant Hill Healthcare District (CPHHCD) could see a 38 percent population increase by 2040 due to the City of Concord’s potential development. Los Medanos Community Healthcare District (LMCHD) could experience a similar increase of about 36 percent. West Contra Costa Healthcare District’s (WCCHD) increase of 28 percent also is greater than countywide averages.
- Demographic changes will also influence future health care needs. An aging population will create increasing demand for geriatric care. Political and economic uncertainties could compound current healthcare needs in low-income areas evident within all three healthcare districts.

THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

- Disadvantaged communities, areas with incomes less than 80 percent of State medians, exist within all three Contra Costa healthcare districts and generally correlate with medically underserved State designations. Analysis of health care needs highlights health care inequities in these communities, for example, as described in the 2015 Contra Costa Health Services “Richmond Health Equity Report Card” for areas within the WCCHD. Health needs assessments prepared by non-profit hospitals prioritize “Economic Security” as a primary health issue, in addition to “Obesity, Diabetes, Healthy Eating, and Active Living.”

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES...

- The two currently active healthcare districts, LMCHD and CPHHCD, provide grants to community entities for healthcare purposes. In both cases, this funding represents a benefit to the community; however, the relative portion of funding that is expended for overhead and

administration by the LMCHD, at 36 to 42 percent of General Fund revenues in FY2015-16 (depending on whether grant administration and program development is included in the overhead component), indicates a less efficient use of available funds as compared to CPHHCD's 20 percent overhead rate. The LMCHD FY2017-18 budget shows 51 percent of General Fund revenues allocated towards overhead. This overhead ratio, which is slightly less if building lease revenues are included, could be lower in future years depending on changes to future lease revenues received for its former hospital building.

- Both LMCHD and CPHHCD have adopted goals for improving health in their communities, and require grant recipients to document how grant-funded programs will address health needs and the number of residents served. The LMCHD reporting of persons served does not appear to clearly distinguish total persons served by a program, vs. the portion or share reasonably attributable to LMCHD grant funding. Both districts prioritize funding of programs addressing issues of access to health services which would benefit underserved communities, generally consistent with MSR findings related to disadvantaged communities.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

- WCCHD currently is in a Chapter 9 bankruptcy and hopes to have a Plan of Adjustment of the District's debt confirmed by the court in late 2017, with an effective date in early 2018. The District's services over the next seven years will focus almost entirely on overseeing the repayment of the bankruptcy obligations and planning for the future. Once its debts are largely paid off, its tax revenues will provide roughly \$3.6 million annually for healthcare purposes. On August 1, 2017, the County Board of Supervisors decided to seek legislation that would allow the District to continue to exist under a governing body appointed by the Board of Supervisors, which will save election costs and should facilitate administrative efficiencies. Governance and financial effectiveness will depend on actions to be taken in the future after debts are repaid.
- Both CPHHCD and LMCHD rely largely on relatively stable and growing property tax revenues to fund grants. In addition, CPHHCD has a significant role in distributing grant funding for health care purposes through a Community Benefit Agreement, which the John Muir Health System funds at \$1 million per year.
- The LMCHD continues to repay bankruptcy debts and will face a two-year increase in payments to the State to \$500,000 per year compared to current payments of \$100,000, according to its schedule of payments; from 2020 through 2026 the payments will be equal to annual rental income, if any. Unless LMCHD negotiates increased lease payments from the County to cover the increased State payments, the additional \$800,000 State repayment over the next two years will either reduce LMCHD funds available for healthcare, and/or reduce its reserves. Increased lease payments would shift County funds to the District to help cover the increased District payments, and will help fund the District's grants and programs. After State obligations are paid off by LMCHD in 2026, the County lease pass-through payments to the State, currently \$100,000 annually, will be available for healthcare purposes in addition to additional rent, if any, from the County at that point in time.

STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

- In the context of healthcare districts, this report interprets this determination to apply to collaboration and sharing of information to improve efficient and effective services.
- Both CPHHCD and LMCHD collaborate to some extent with existing health providers, particularly those receiving grants and support from each district. Broader collaboration with the County, non-profit hospitals, and other healthcare districts is less evident for both districts, although the CPHHCD does invite County health professionals to address its Grant Committee. Neither CPHHCD nor LMCHD utilize health needs assessments or State data to target health needs, although CPHHCD does provide copies of assessments to its Grant Committee members. The use of County data by LMCHD appears limited to older County data from 2010. The districts rely on grant applicants to document community health needs, and to explain the nexus between grants and those needs.
- LMCHD participates in events of the Statewide Association of California Healthcare Districts (ACHD); CPHHCD does not participate in ACHD, although the District's comprehensive approach to reviewing grants applications, which is based on its CDBG process, could be shared with and benefit other healthcare districts, for example, through participation in the ACHD.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

Accountability

- Strategic planning by CPHHCD and LMCHD is minimal. CPHHCD's one-page strategic plan describes goals and objectives, and the District relies on grant recipients to document health care needs to be addressed. LMCHD has an extensive Strategic Plan, however, it has not been comprehensively updated since it was adopted in 2011.
- CPHHCD is a subsidiary district of the City of Concord. This structure provides that the City Council act as the District's board; policies and financial practices of the City apply to the subsidiary district, and the District benefits from the use of City resources, inclusion in existing financial reports and systems, use of existing City staff, representation/policy oversight by City councilmembers, and utilization of existing grant practices. This structure minimizes the District's overhead as a percent of resources. Although the CPHHCD is a subsidiary district to the City of Concord, which means that the Concord City Council serves as its governing body, the District serves other communities and is a legal entity separate from the City. Because many of the District's operations were subsumed within the City's structure, the District appears more as a City department rather than a special district. Distinctions between the City and the District should be more explicit through the separate presentation of information about the District, including information presented on the City's website, and financial information posted separately for the District on the website.
- LMCHD generally follows best practices for transparency with the significant exception of its website, which the District indicates it is updating. The website continues to contain

outdated and difficult-to-find information, including agenda, minutes, and policies. The District indicated that it is considering alternative website providers, which may result in an improved website.

Operational Efficiency

- LMCHD's overhead and administrative expenses are 36 to 42 percent of General Fund revenues (depending on whether grant administration and program development is included in the overhead component), indicating a less efficient use of available funds as compared to CPHHCD's 20 percent overhead.

Governance Structure

- On November 7, 2017, the Contra Costa County Board of Supervisors adopted a resolution of application requesting LAFCO to initiate proceedings for the dissolution of LMCHD and appoint the County as successor for purposes of winding up the affairs of the District. This would include the transfer of the District's assets to the County, including the former hospital building currently leased by the County for use as a clinic. Dissolution offers the opportunity to substantially eliminate potential election costs as well as other LMCHD administrative costs and apply more revenues to healthcare purposes, although those purposes have not yet been determined. The County would not be subject to potential rent increases for the clinic. The MSR report describes this dissolution option and other potential governance options including the status quo.
- Pending State legislation would allow the WCCHD to continue to exist under a governing body appointed by the Board of Supervisors, which will save election costs and may allow for coordination between the two agencies, as well as administrative efficiencies.
- The CPHHCD was reorganized in 2012 from the Mt. Diablo Healthcare District into a more efficient subsidiary district. The only potential governance option identified, other than the Status Quo, is dissolution. The current MSR finds no justification for dissolution at this time, and therefore it is not evaluated further.

**2017-18 Healthcare Services Municipal Service Review
Sphere of Influence (SOI) and Governance Options and Recommendations**

AGENCY	SOI OPTIONS	GOVERNANCE OPTIONS
Concord/Pleasant Hill HCD	<ul style="list-style-type: none"> • Retain existing coterminous SOI (recommended) • Minor SOI increases/decreases • Adopt zero SOI 	<ul style="list-style-type: none"> • Maintain status quo with progress report to LAFCO in December 2018 (recommended) • Minor boundary adjustments • Dissolution
Los Medanos Community HCD	<ul style="list-style-type: none"> • Retain existing coterminous SOI (recommended) • Adopt a zero SOI • Expand SOI • Reduce SOI • Provisional SOI 	<ul style="list-style-type: none"> • Maintain status quo with progress report to LAFCO in December 2018 (recommended) • Dissolution • Reorganize – create a new County Service Area (CSA) to continue service • Reorganize as a subsidiary district • Consolidate with another HCD • Consolidate with CSA EM-1 • Special legislation (appointed board)
West Contra Costa HCD (1)	<ul style="list-style-type: none"> • Retain existing coterminous SOI (recommended) • Adopt zero SOI • Expand SOI • Reduce SOI 	<ul style="list-style-type: none"> • Maintain status quo (recommended) • Consolidate with LMCHD • Reorganize as a subsidiary district • Consolidate with CSA EM-1 • Reorganize – create a new CSA to continue service • Dissolution • Special legislation (appointed board)

(1) WCCHD governance options identified in the 2016 LAFCO Special Study

RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
APPROVING A SPHERE OF INFLUENCE UPDATE FOR
CONCORD/PLEASANT HILL HEALTH CARE DISTRICT

WHEREAS, Government Code §56425 requires the Local Agency Formation Commission (LAFCO) to develop and determine the sphere of influence (SOI) of each local governmental agency within the County; and

WHEREAS, Government Code §56425(f) requires that LAFCO review and update the SOI as necessary, not less than once every five years; and

WHEREAS, Government Code §56430 requires that a municipal service review be conducted prior to or in conjunction with an SOI update; and

WHEREAS, LAFCO conducted its 2nd round MSR covering healthcare service providers, including services provided by the Concord/Pleasant Hill Health Care District (CPHHCD) and adopted written determinations as required by Government Code §56430 on January 10, 2018; and

WHEREAS, the 2nd round healthcare services MSR focuses on: 1) updating information presented in the 2007 healthcare services MSR, 2) assessing the ability of healthcare service providers to maintain relevance and meet the changing healthcare landscape, and 3) identifying opportunities for coordination and collaboration among healthcare service providers in Contra Costa County; and

WHEREAS, the MSR report found that increasing health care costs, declining reimbursements and growing services demands have contributed to the closure of many hospitals, and that many healthcare districts no longer own/operate hospitals; and

WHEREAS, in updating SOIs for healthcare districts, LAFCO should consider the value of maximizing funding, such as healthcare district revenues, to meet increasing health care needs, including preventative care; and

WHEREAS, CPHHCD's service boundary encompasses approximately 37.02± square miles, including the cities of Concord and Pleasant Hill, and its SOI and boundary are coterminous; and

WHEREAS, no change in regulation, land use or development will occur as a result of updating the District's SOI; and

WHEREAS, the SOI update was duly considered at a public hearing held on January 10, 2018; and

WHEREAS, in the form and manner prescribed by law, the Executive Officer has given notice of a public hearing by this Commission regarding the SOI action; and

WHEREAS, Contra Costa LAFCO heard and received all oral and written protests, objections and evidence that were made, presented or filed, and all persons present were given an opportunity to appear and be heard with respect to any matter pertaining to said SOI update.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that Contra Costa LAFCO does hereby:

1. Retain the existing coterminous SOI for CPHHCD as generally depicted on Exhibit A attached hereto.
2. Determine, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that the SOI update is categorically exempt under §15061(b)(3) of the CEQA Guidelines, and direct staff to file a Notice of Exemption.
3. Determine that the Commission has considered the criteria set forth in Government Code §56425(e) as follows:
 - a. *The present and planned land uses in the area, including agricultural and open-space lands* – Land uses within the CPHHCD bounds encompass residential, commercial, industrial, institutional, agricultural and open space uses within the cities of Concord and Pleasant Hill and surrounding unincorporated areas. The District has no land use authority. City and County plans include land uses and population growth that may impact the District's services. There is Williamson Act land within the District's boundary and SOI. Healthcare services do not induce or encourage growth, and no changes to the present or planned land uses will result from this SOI update.
 - b. *The present and probable need for public facilities and services in the area* – CPHHCD provides funding to support healthcare services. The District's boundary contains urbanized areas that will continue to place a demand on healthcare services. While the District does not own or manage any facilities, it is authorized to provide a range of other healthcare services. District services are needed to meet increasing service demands. No changes in public facilities or services provided by the District will result from this SOI update.
 - c. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide* – the CPHHCD has the capacity to provide healthcare services through program funding. The District works in collaboration with other agencies, including John Muir Health, to provide services that address community healthcare needs. The SOI update will not affect the present capacity of public facilities and adequacy of public services provided CPHHCD. ***The MSR includes findings and recommendations relating to increasing transparency of the CPHHCD as an entity separate from the City of Concord, and improving coordination with and use of health conditions information. LAFCO requests an update from CPHHCD in December 2018 on these issues.***
 - d. *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency* – the District was reorganized in 2012 as a subsidiary district to the City of Concord. The social and economic communities of interest include the cities of Concord and Pleasant Hill and surrounding unincorporated areas. The District is funded primarily through property taxes; property owners within the District have an economic interest in receiving services from this investment. The SOI update will not affect the existence of any social or economic communities of interest in the areas that are relevant to CPHHCD.
 - e. *Nature, location, extent, functions & classes of services to be provided* – CPHHCD service boundary encompasses approximately 37.02± square miles. The District provides

healthcare services to the cities of Concord and Pleasant Hill and surrounding unincorporated areas. The District does not own or operate any facilities. The District funds a range of healthcare services, including wellness, prevention and awareness to a range of residents including youth, seniors, and the LGBT community.

* * * * *

PASSED AND ADOPTED THIS 10TH day of January 2018, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

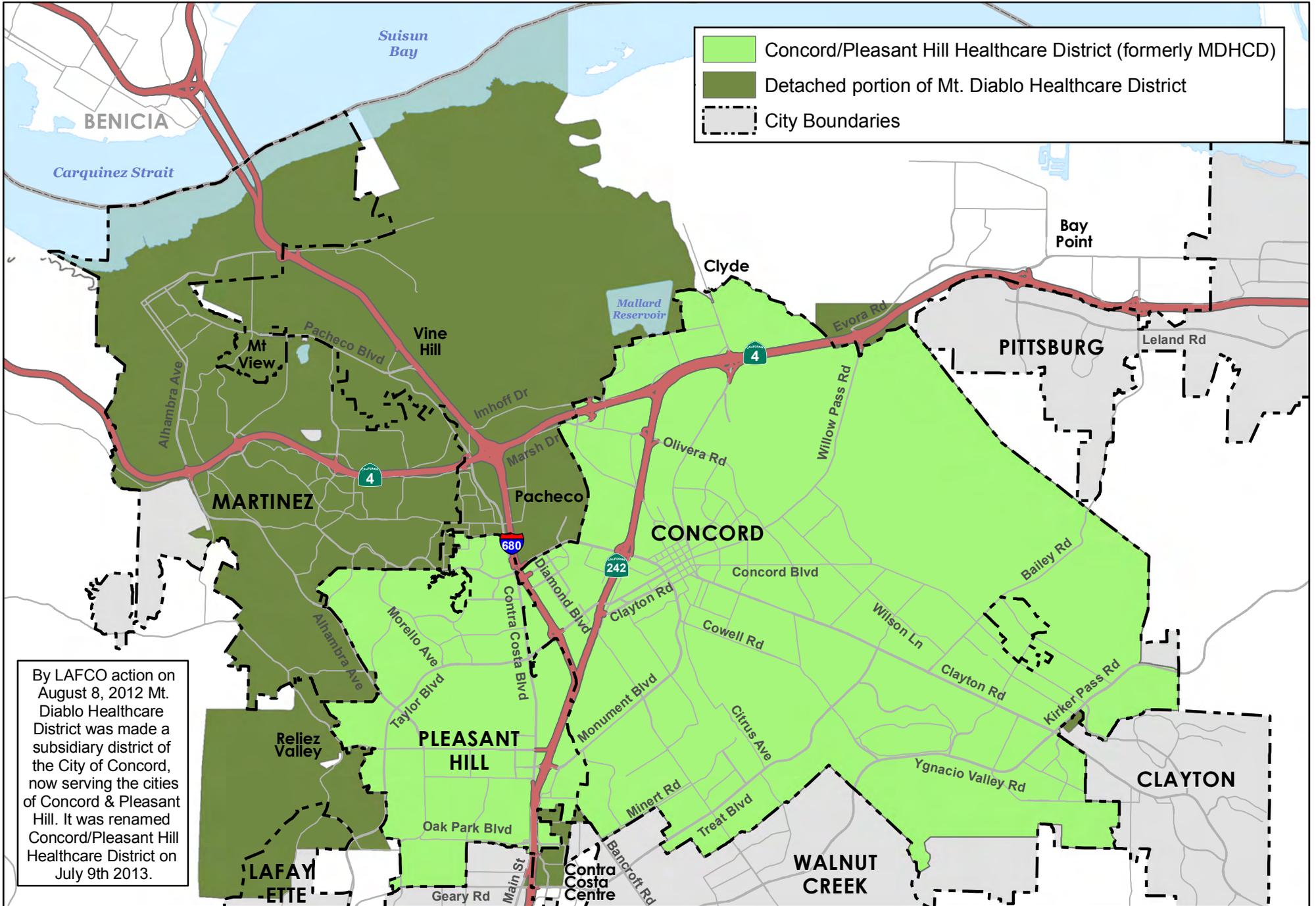
CHAIR, CONTRA COSTA LAFCO

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

Dated: January 10, 2018

Lou Ann Texeira, Executive Officer

Concord/Pleasant Hill Healthcare District and former Mt Diablo Healthcare District



By LAFCO action on August 8, 2012 Mt. Diablo Healthcare District was made a subsidiary district of the City of Concord, now serving the cities of Concord & Pleasant Hill. It was renamed Concord/Pleasant Hill Healthcare District on July 9th 2013.



RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION**APPROVING A SPHERE OF INFLUENCE UPDATE FOR
LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT**

WHEREAS, Government Code §56425 requires the Local Agency Formation Commission (LAFCO) to develop and determine the sphere of influence (SOI) of each local governmental agency within the County; and

WHEREAS, Government Code §56425(f) requires that LAFCO review and update the SOI as necessary, not less than once every five years; and

WHEREAS, Government Code §56430 requires that a municipal service review be conducted prior to or in conjunction with an SOI update; and

WHEREAS, LAFCO conducted its 2nd round MSR covering healthcare service providers, including services provided by the Los Medanos Community Healthcare District (LMCHD) and adopted written determinations as required by Government Code §56430 on January 10, 2018; and

WHEREAS, the 2nd round healthcare services MSR focuses on: 1) updating information presented in the 2007 healthcare services MSR, 2) assessing the ability of healthcare service providers to maintain relevance and meet the changing healthcare landscape, and 3) identifying opportunities for coordination and collaboration among healthcare service providers in Contra Costa County; and

WHEREAS, the MSR report found that increasing health care costs, declining reimbursements and growing services demands have contributed to the closure of many hospitals, and that many healthcare districts no longer own/operate hospitals; and

WHEREAS, in updating SOIs for healthcare districts, LAFCO should consider the value of maximizing funding, such as healthcare district revenues, to meet increasing health care needs, including preventative care; and

WHEREAS, the LMCHD service boundary encompasses approximately 79.27± square miles, including the City of Pittsburg, the unincorporated community of Bay Point, small portions of the cities of Antioch, Clayton and Concord, and other unincorporated areas, and its SOI and boundary are coterminous; and

WHEREAS, no change in regulation, land use or development will occur as a result of updating the District's SOI; and

WHEREAS, the SOI update was duly considered at a public hearing held on January 10, 2018; and

WHEREAS, in the form and manner prescribed by law, the Executive Officer has given notice of a public hearing by this Commission regarding the SOI action; and

WHEREAS, Contra Costa LAFCO heard and received all oral and written protests, objections and evidence that were made, presented or filed, and all persons present were given an opportunity to appear and be heard with respect to any matter pertaining to said SOI update.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that Contra Costa LAFCO does hereby:

1. Retain the existing coterminous SOI for LMCHD as generally depicted on Exhibit A attached hereto.
2. Determine, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that the SOI update is categorically exempt under §15061(b)(3) of the CEQA Guidelines, and direct staff to file a Notice of Exemption.
3. Determine that the Commission has considered the criteria set forth in Government Code §56425(e) as follows:
 - a. *The present and planned land uses in the area, including agricultural and open-space lands* – Land uses within the LMCHD boundary encompass residential, commercial, industrial, institutional, agricultural and open space uses within the incorporated and unincorporated areas. The District has no land use authority; City and County and plans include land uses and population growth that may impact the District’s services. There is Williamson Act land within the District’s boundary and SOI. Healthcare services do not induce or encourage growth, and no changes to the present or planned land uses will result from this SOI update.
 - b. *The present and probable need for public facilities and services in the area* – LMCHD provides funding to support healthcare services. The District’s boundary contains urbanized areas that will continue to place a demand on healthcare services. While the District does not operate any facilities, it provides services through the lease of its medical facility and through program funding for healthcare services. District services are needed to meet increasing service demands. No changes in public facilities or services provided by the District will result from this SOI update.
 - c. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide* – The LMCHD has the capacity to provide healthcare services through program funding. The District works in collaboration with other agencies, including Contra Costa County, to provide services that address community healthcare needs. The SOI update will not affect the present capacity of public facilities and adequacy of public services provided by the District. ***The MSR includes findings and recommendations relating to the District’s high administrative overhead costs and operational efficiency, updating online information including fiscal and strategic planning documents, and improving coordination with and use of health conditions information. LAFCO requests an update from LMCHD in December 2018 on these issues.***
 - d. *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency* – The social and economic communities of interest include the City of Pittsburg, the unincorporated community of Bay Point, small portions of the cities of Antioch, Clayton and Concord, and other unincorporated areas. The District is funded primarily through property taxes; property owners within the District have an economic interest in receiving services from this

investment. The SOI update will not affect the existence of any social or economic communities of interest in the areas that are relevant to LMCHD.

- e. *Nature, location, extent, functions & classes of services to be provided* – LMCHD service boundary encompasses approximately 79.27± square miles. The District provides healthcare services to the City of Pittsburg, the unincorporated community of Bay Point, small portions of the cities of Antioch, Clayton and Concord, and other unincorporated areas. The District owns the Pittsburg Health Center, which it leases to the County. The District funds a range of healthcare services, including wellness, prevention and awareness to a range of residents including youth and seniors.

* * * * *

PASSED AND ADOPTED THIS 10TH day of January 2018, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

CHAIR, CONTRA COSTA LAFCO

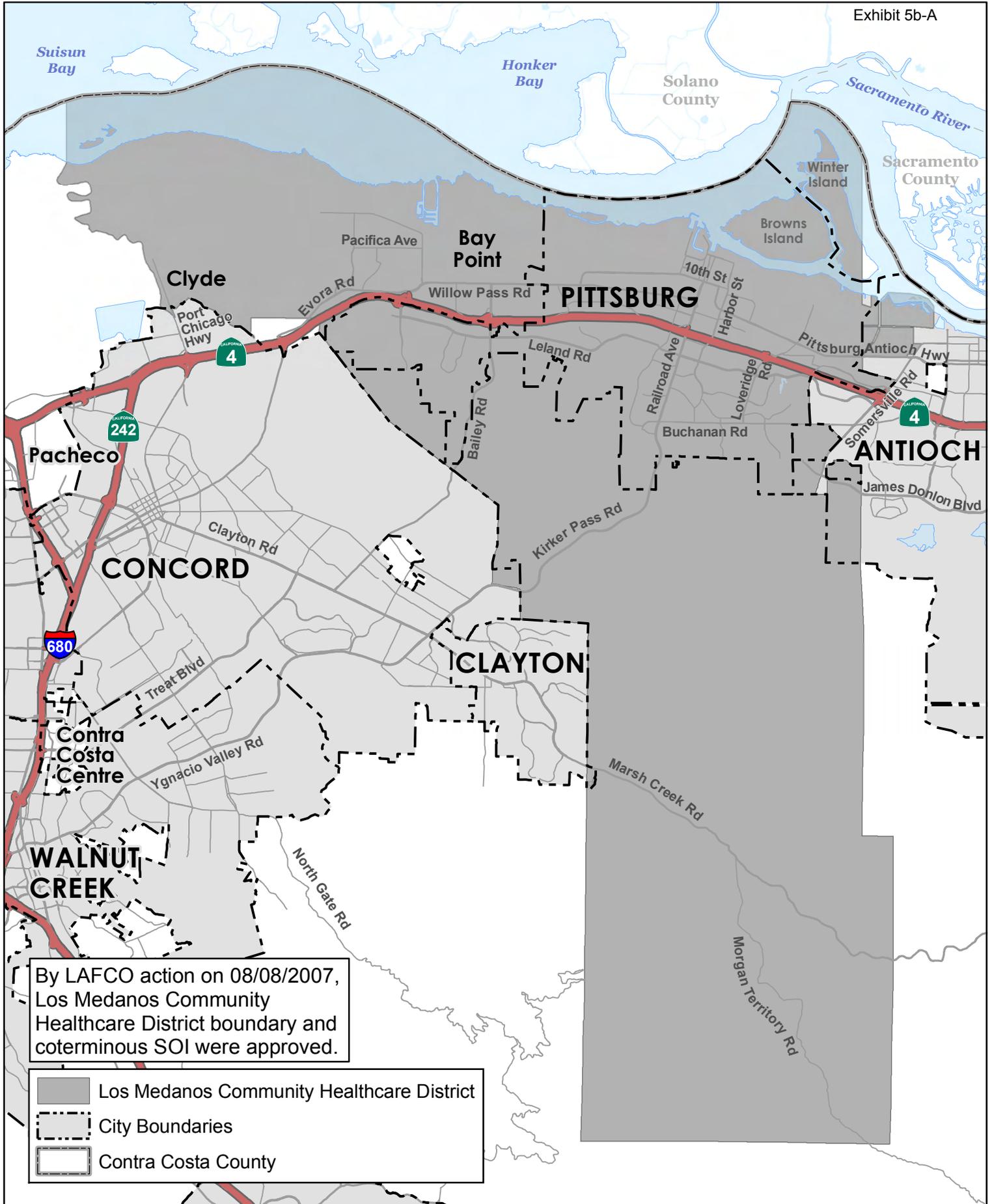
I hereby certify that this is a correct copy of a resolution passed and adopted by this Commission on the date stated above.

Dated: January 10, 2018

Lou Ann Texeira, Executive Officer

Los Medanos Community Healthcare District and Coterminous SOI

Exhibit 5b-A



By LAFCO action on 08/08/2007, Los Medanos Community Healthcare District boundary and coterminous SOI were approved.

- Los Medanos Community Healthcare District
- City Boundaries
- Contra Costa County



RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
APPROVING A SPHERE OF INFLUENCE UPDATE FOR
WEST CONTRA COSTA HEALTHCARE DISTRICT

WHEREAS, Government Code §56425 requires the Local Agency Formation Commission (LAFCO) to develop and determine the sphere of influence (SOI) of each local governmental agency within the County; and

WHEREAS, Government Code §56425(f) requires that LAFCO review and update the SOI as necessary, not less than once every five years; and

WHEREAS, Government Code §56430 requires that a municipal service review be conducted prior to or in conjunction with an SOI update; and

WHEREAS, LAFCO conducted its 2nd round MSR covering healthcare service providers, including services provided by the West Contra Costa Healthcare District (WCCHD) and adopted written determinations as required by Government Code §56430 on January 10, 2018; and

WHEREAS, the 2nd round healthcare services MSR focuses on: 1) updating information presented in the 2007 healthcare services MSR, 2) assessing the ability of healthcare service providers to maintain relevance and meet the changing healthcare landscape, and 3) identifying opportunities for coordination and collaboration among healthcare service providers in Contra Costa County; and

WHEREAS, the MSR report found that increasing health care costs, declining reimbursements and growing services demands have contributed to the closure of many hospitals, and that many healthcare districts no longer own/operate hospitals; and

WHEREAS, in updating SOIs for healthcare districts, LAFCO should consider the value of maximizing funding, such as healthcare district revenues, to meet increasing health care needs, including preventative care; and

WHEREAS, the WCCHD service boundary encompasses approximately 68.10± square miles, and includes the cities of El Cerrito, Hercules, Pinole, Richard and San Pablo and unincorporated communities throughout West Contra Costa County, and its SOI and boundary are coterminous; and

WHEREAS, no change in regulation, land use or development will occur as a result of updating the District's SOI; and

WHEREAS, the SOI update was duly considered at a public hearings held on January 10, 2018; and

WHEREAS, in the form and manner prescribed by law, the Executive Officer has given notice of a public hearing by this Commission regarding the SOI action; and

WHEREAS, Contra Costa LAFCO heard and received all oral and written protests, objections and evidence that were made, presented or filed, and all persons present were given an opportunity to appear and be heard with respect to any matter pertaining to said SOI update.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that Contra Costa LAFCO does hereby:

1. Retain the existing coterminous SOI for WCCHD as generally depicted on Exhibit A attached hereto.
2. Determine, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that the SOI update is categorically exempt under §15061(b)(3) of the CEQA Guidelines, and direct staff to file a Notice of Exemption.
3. Determine that the Commission has considered the criteria set forth in Government Code §56425(e) as follows:
 - a. *The present and planned land uses in the area, including agricultural and open-space lands* – Land uses within the WCCHD boundary encompass residential, commercial, industrial, institutional, agricultural and open space uses within the incorporated and unincorporated areas. The District has no land use authority; city and County plans include land uses and population growth that may impact the District’s services. There is Williamson Act land within the District’s boundary and SOI. Healthcare services do not induce or encourage growth, and no changes to the present or planned land uses will result from this SOI update.
 - b. *The present and probable need for public facilities and services in the area* – WCCHD encompasses the only area designated as *Medically Underserved* within the County and the only area designated as a *Dental Health Professional Shortage Area*. Areas within the District are also designated as *Mental Health Professional Shortage Areas* and *Primary Care Shortage Areas*. West County has the fewest emergency medical treatment stations per capita compared to other regions within the County. The number of ER stations in West County has increased to 28, but still provides less than half the County average relative to its population. District services are needed to meet significant service demands. No changes in public facilities or services provided by the District will result from this SOI update.
 - c. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide* – Increasing costs, declining reimbursements, and growing service demands from low-income populations, the insured and underinsured forced WCCHD into bankruptcy and closure of its hospital. The District is currently in Chapter 9 bankruptcy and has an approved Plan of Adjustment to address the District’s debt. Under the Plan, the primary obligation of the District is to repay debt. After debt is repaid, the District’s ad valorem property tax should be available for health care. The SOI update will not affect the present capacity of public facilities and adequacy of public services provided by the District.
 - d. *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency* - The social and economic communities of interest include the cities of El Cerrito, Hercules, Pinole, Richard and San Pablo and unincorporated communities throughout West Contra Costa County. The District is funded primarily through property and special taxes; property owners within the District have an economic interest in receiving services from this investment. After repayment of the District’s debt, tax dollars will be available to fund needed health care services in West Contra Costa County. The SOI update will not affect the existence of any social or economic communities of interest in the areas that are relevant to WCCHD.

4. *Nature, location, extent, functions & classes of services to be provided* – WCCHD’s service boundary encompasses approximately 68.10± square miles. The District is authorized to provide healthcare services to West Contra Costa County including the cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo and unincorporated communities throughout West Contra Costa County. The District is currently not funding health care services due to bankruptcy.

PASSED AND ADOPTED THIS 10TH day of January 2018, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

CHAIR, CONTRA COSTA LAFCO

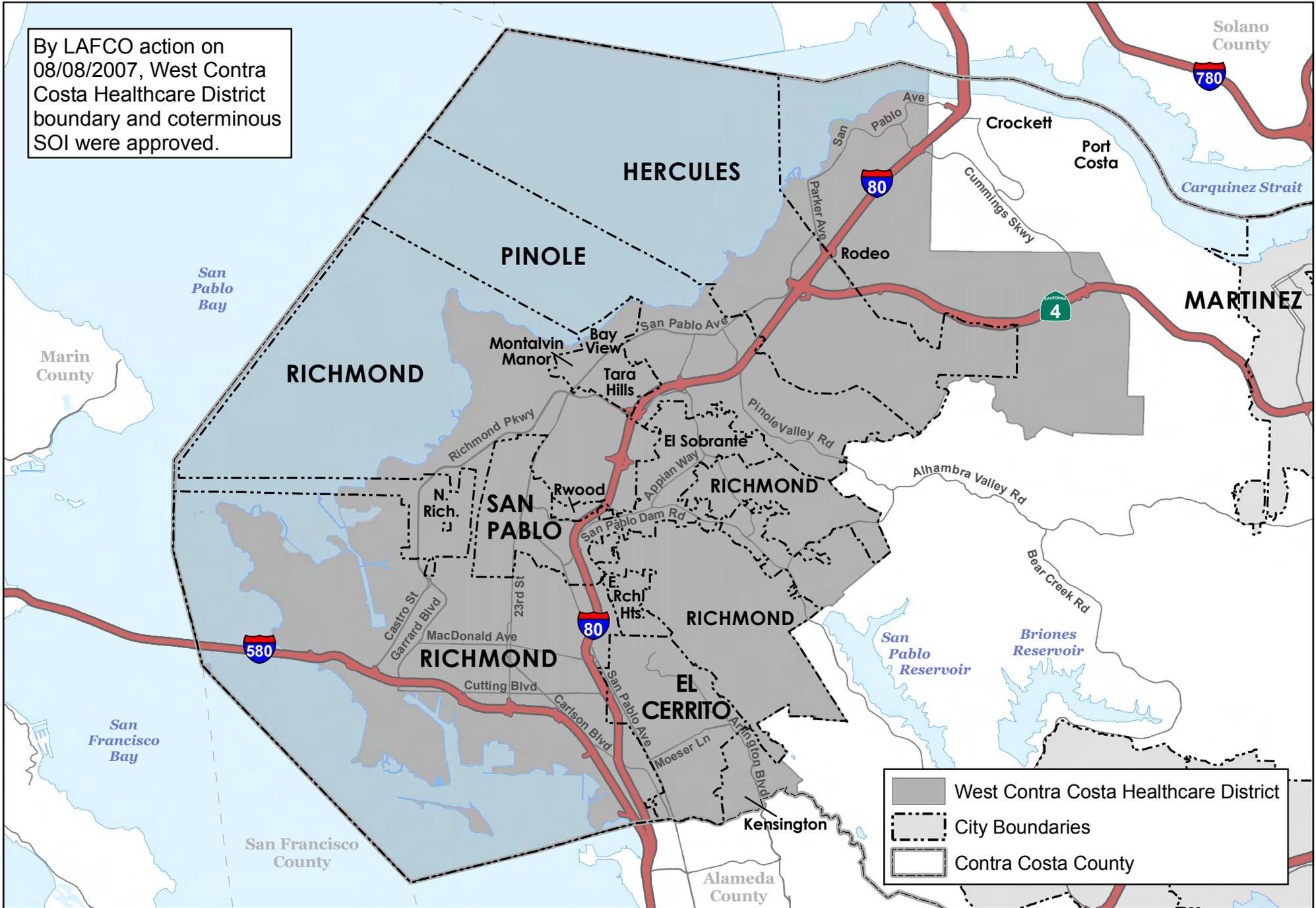
I hereby certify that this is a correct copy of a resolution passed and adopted by this Commission on the date stated above.

Dated: January 10, 2018

Lou Ann Texeira, Executive Officer

West Contra Costa Healthcare District and Coterminous SOI

By LAFCO action on 08/08/2007, West Contra Costa Healthcare District boundary and coterminous SOI were approved.



- West Contra Costa Healthcare District
- City Boundaries
- Contra Costa County





**Berkson
Associates**

Urban Economics
Policy Forensics & Forecasting
Planning & Policy Analysis

FINAL DRAFT

HEALTHCARE SERVICES
MUNICIPAL SERVICE REVIEW &
SPHERE OF INFLUENCE UPDATES

Prepared for Contra Costa LAFCO

Prepared by Berkson Associates
In association with the Abaris Group
January 2, 2018



TABLE OF CONTENTS

CHAPTER 1. INTRODUCTION	1
Approach and Methodology	
Little Hoover Commission	
Healthcare Districts in Contra Costa County	
CHAPTER 2. SUMMARY OF FINDINGS & DETERMINATIONS	9
CHAPTER 3. HEALTH CARE IN CONTRA COSTA COUNTY	15
Health Needs in Contra Costa County	
Facilities and Services in the County	
CHAPTER 4. CONCORD/PLEASANT HILL HEALTH CARE DISTRICT (CPHHCD)	24
Health Needs in the District	
Facilities and Services in the District	
CPHHCD Governance	
CPHHCD Goals, Policies and Plans	
CPHHCD Services	
CPHHCD Property	
CPHHCD Finances	
CPHHCD Revenues	
CPHHCD Expenditures	
CPHHCD Assets and Liabilities	
CPHHCD Organizational Issues and Options	
CHAPTER 5. LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT (LMCHD).....	39
Health Needs in the District	
Facilities and Services in the District	
LMCHD Governance	
LMCHD Goals, Policies and Plans	
LMCHD Services	
LMCHD Property	
LMCHD Finances	
LMCHD Revenues	
LMCHD Expenditures	
LMCHD Assets and Liabilities	
LMCHD Organizational Issues and Options	



CHAPTER 6. WEST CONTRA COSTA HEALTHCARE DISTRICT (WCCHD) 66

- Bankruptcy Proceedings
- Health Needs in the District
- Facilities and Services in the District
- WCCHD Governance
- WCCHD Goals, Policies and Plans
- WCCHD Services
- WCCHD Property
- WCCHD Finances
- WCCHD Assets and Liabilities
- WCCHD Organizational Issues and Options

APPENDICES (UNDER SEPARATE COVER)

A. OVERVIEW OF MSR DETERMINATIONS AND APPLICABILITY TO HEALTHCARE DISTRICT MUNICIPAL SERVICE REVIEWS

Table A-1 Overview of MSR Determinations Applicability to Healthcare District MSRs

B. MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

Figure B-1 Medically Underserved Areas in Contra Costa County

Figure B-2 Primary Care Shortage Areas in Contra Costa County

Figure B-3 Dental Health Professional Shortage Areas in Contra Costa County

Figure B-4 Mental Health Professional Shortage Areas in Contra Costa County

C. HEALTH NEEDS ASSESSMENTS IN CONTRA COSTA COUNTY

D. LMCHD GRANT PROGRAMS

LMCHD Grant Programs Fall of 2016 and Summer 2017



FIGURES AND TABLES

COUNTY

FIGURE 1 OVERVIEW OF HEALTH RANKING FACTORS.....	15
TABLE 1 POPULATION GROWTH IN HEALTHCARE DISTRICT CITIES AND COUNTYWIDE	17
FIGURE 2 DISADVANTAGED COMMUNITIES IN CONTRA COSTA COUNTY	18
FIGURE 3 HOSPITALS IN CONTRA COSTA COUNTY.....	21
TABLE 2 EMERGENCY MEDICAL TREATMENT STATIONS BY CONTRA COSTA REGION	22

CPHHCD

FIGURE 4 CPHHCD BOUNDARIES.....	25
TABLE 3 SUMMARY OF POPULATION AND AREA WITHIN THE CPHHCD BOUNDARIES.....	26
FIGURE 5 HEALTH CARE FACILITIES IN THE CPHHCD	29
TABLE 4 SUMMARY OF LMCHD FY16-17 GRANTS	34
TABLE 5 SUMMARY OF CPHHCD REVENUES AND EXPENDITURES (FY2016-17)	36
TABLE 6 SUMMARY OF ASSESSED VALUE WITHIN THE CPPHD BOUNDARIES.....	37

LMCHD

FIGURE 6 LMCHD BOUNDARIES	40
TABLE 7 SUMMARY OF POPULATION AND AREA WITHIN THE LMCHD BOUNDARIES	41
FIGURE 7 HEALTH CARE FACILITIES IN THE LMCHD.....	44
TABLE 8 LMCHD BOARD MEMBERS.....	45
TABLE 9 SUMMARY OF LMCHD FY15-16 GRANTS	50
TABLE 10 SUMMARY OF LMCHD GRANTS AS A % OF GENERAL FUND REVENUES	50
TABLE 11 SUMMARY OF LMCHD REVENUES AND EXPENDITURES (FY2015-16)	53
TABLE 12A SUMMARY OF LMCHD BUDGETS (FY2016-17, FY2017-18)	56
TABLE 12B SUMMARY OF LMCHD BUDGETS (FY2016-17, FY2017-18) - ADJUSTED.....	57
TABLE 13 SUMMARY OF ASSESSED VALUE WITHIN THE LMCHD BOUNDARIES.....	58
TABLE 14 SUMMARY OF LMCHD POSITIONS AND SALARIES, 2016 VS. FY17-18 TOTAL.....	60



WCCHD

FIGURE 8 WCCHD BOUNDARIES.....	67
TABLE 15 SUMMARY OF POPULATION AND AREA WITHIN THE WCCCHD BOUNDARIES	68
TABLE 16 WCCHD BOARD MEMBERS.....	71
FIGURE 9 HEALTH CARE FACILITIES IN THE WCCHD	72
TABLE 17 SUMMARY OF LMCHD BUDGET.....	75
TABLE 18 SUMMARY OF ASSESSED VALUE WITHIN THE WCCHD BOUNDARIES	77

1. INTRODUCTION

State law requires that LAFCOs periodically prepare Municipal Service Reviews (MSRs) as a basis for decisions about district boundaries, as described in more detail in the “Municipal Service Reviews” section of this chapter. The law also requires that certain changes in government organization, e.g., a district dissolution, require findings based on an MSR or a special study.

In 2017, and for the foreseeable future, continued access to healthcare is not only a national debate but also a significant local concern. Numerous trends will influence healthcare in the future, and by extension, the provision of services by healthcare districts, for example:

- The Bay Area population, similar to national trends, is aging as more baby boomers reach 65.
- Statewide, the demand for primary care is expected to grow 12 to 17 percent by 2030 as California’s population ages.¹
- Physician supply will decline through 2030 because many doctors are at or near retirement age. In California, one-third of physicians and nurses is 55 or older.²
- As a result of the Affordable Care Act, the uninsured rate among the nonelderly dropped from 18% in 2010 to 10% in 2016;³ however, in today’s political environment the cost, coverage and availability of health insurance is highly uncertain, as well as funding for services (e.g., Medicaid).
- The impact of telemedicine and other technological advances on the management, delivery and accessibility, and cost for certain healthcare services.

These factors will be important to monitor to assure that healthcare districts, including those that no longer own hospitals, maintain their relevancy in a constantly changing healthcare environment.

¹ California's Primary Care Workforce: Forecasted Supply, Demand, and Pipeline of Trainees 2016-2030, Healthforce Center at UCSF, August 15, 2017.

² Ibid, California's Primary Care Workforce, 2017.

³ U.S. health system is performing better, though still lagging behind other countries, By Kamal and Cox, Kaiser Family Foundation, May 19, 2017.

APPROACH AND METHODOLOGY

This MSR reviews documents and information including the 2007 Contra Costa Healthcare MSR, districts' financial audits and budgets, district and other agency projections, Grand Jury reports, and other documents relevant to the districts and to healthcare services and needs in Contra Costa County. LAFCO and its consultant interviewed key stakeholders including representatives of Contra Costa County, the districts, and other professionals involved in the management of district affairs and healthcare services. The affected local agencies were provided a preview copy of their draft chapter and submitted comments and corrections. LAFCO staff reviewed the administrative draft document prior to distribution of the Public Review Draft Report.⁴ Public input was received on the Public Review Draft Report; at the LAFCO public hearing December 13, 2017, thirty-two individuals spoke and another eight submitted letters supporting the District and its activities.⁵ The current Final Draft incorporates comments submitted following the release of the Public Review Draft through December 29th.

Chapter 2 summarizes MSR findings and determinations required by the Municipal Service Review (MSR) process.⁶ Subsequent chapters further describe and document the basis for the findings. Appendices include additional information referenced in this report.

MUNICIPAL SERVICE REVIEWS

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act” - Gov. Code § 56000, et seq.) requires that every five years, as necessary, LAFCO review and update the Sphere of Influence (SOI) of each local agency. An SOI is a planning boundary that may coincide with or extend beyond an agency’s legal boundary (such as the city limit line or district boundary) that designates the agency’s probable future boundary and service area.

In 2000, the Legislature expanded the authority of LAFCOs to conduct Municipal Service Reviews. As part of the SOI update, LAFCO must prepare a corresponding MSR. An MSR is a comprehensive study designed to better inform LAFCO, local agencies, and the community about the provision of municipal services. Service reviews capture and analyze information about the governance structures and efficiencies of service providers, and identify opportunities for greater coordination and cooperation among providers. The service review is a prerequisite

⁴ Public Review Draft, Healthcare Services MSR & SOI Updates, December 2, 2017.

⁵ A summary of public comment is available from LAFCO.

⁶ See Gov. Code Sec. 56430.

to an SOI determination and may also lead LAFCO to take other actions under its authority, such as a reorganization or dissolution.⁷

MSR Determinations

Gov't Code Section 56430 requires LAFCO to prepare a written statement of its determinations with respect to each of the following:

- Growth and population projections for the affected area.
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- Financial ability of agencies to provide services.
- Status of, and opportunities for, shared facilities.
- Accountability for community service needs, including governmental structure and operational efficiencies.
- Any other matter related to effective or efficient service delivery, as required by commission policy.

The MSR determinations apply most directly to cities and special districts that provide utility infrastructure and public services such as police and fire protection. The determinations are less applicable to healthcare districts for a number of reasons: a) many healthcare districts do not own or operate facilities, or provide direct services; these agencies may distribute grants to other healthcare providers; and b) districts that do operate and/or own healthcare facilities and provide health services do not fit many of the criteria and measures typically applied to utility infrastructure directly linked to existing and newly developing land uses.

The tables in **Appendix A** translate the required MSR determinations into criteria more applicable to healthcare districts. This MSR follows the interpretations as they relate to Contra Costa healthcare districts.

MSR determinations play a critical role in LAFCO's evaluation of local agency boundary change decisions which must be consistent with the spheres of influence of affected agencies. MSR determinations are also a useful tool in evaluating district reorganization or dissolution. Finally,

⁷ "What is LAFCo?" CALAFCO website, <http://www.calafco.org/about.htm>.

the MSR's consideration of governance options can highlight opportunities to improve or streamline services. In most cases, boundary changes, district reorganization, dissolution or extension of services will be initiated by application to LAFCO either by a resolution adopted by the governing body of an affected local agency or a petition signed by a specified number of affected landowners or voters. On November 17, 2017, LAFCO noticed receipt of an application from Contra Costa County of an application proposing dissolution of the LMCHD.

LITTLE HOOVER COMMISSION

As described on its website, the Little Hoover Commission is an independent state oversight agency that was created in 1962. The Commission's mission is to "investigate state government operations and – through reports, recommendations and legislative proposals – promote efficiency, economy and improved service."⁸

The Little Hoover Commission's August 2017 report on "Special Districts: Improving Oversight & Transparency" recommended several measures to strengthen oversight of California's independent special districts. The report recommended that the state should "eliminate unnecessary hurdles for district dissolutions and consolidations to improve service delivery, expand transparency by requiring every district to have a website with basic information and standardize current reporting requirements on revenues, expenditures and reserves."⁹

The Commission also focused specifically on healthcare districts, including those that no longer operate hospitals. The Commission found that the statutory language that governs healthcare districts should be updated to reflect "the shift from hospital-based healthcare to modern preventative care models."¹⁰ The report recommended updating of the outdated principle act that governs these districts.

The report explored concerns about the relevance of healthcare districts, and documented successful examples where healthcare districts successfully shifted their focus from direct healthcare services and hospital operations to preventive care health services. The report cited research from the Centers for Disease Control showing that "70 percent of chronic illnesses are preventable, and healthcare cost savings associated with keeping people healthy and out of

⁸ <http://www.ca.gov/Agencies/Little-Hoover-Commission>

⁹ *Special Districts: Improving Oversight & Transparency*, The Little Hoover Commission, Report #239, August 2017.

¹⁰ *ibid*, Little Hoover Commission, pg. 10, Recommendation 12.

hospitals are substantial."¹¹ The report emphasized the importance of coordination between counties and healthcare districts to avoid redundancies and to increase collaboration.

The report recognized the successful reorganization of the Mt. Diablo Healthcare District into a subsidiary district of the City of Concord, following four grand jury reports over a decade that criticized district operations. It also noted that the grand jury has issued three reports over the past decade criticizing the administration of the Los Medanos Community Healthcare District, which continues to exist and dispense grants in the community.¹²

The hearings conducted by the Little Hoover Commission led to the enactment of Health and Safety Code, section 32139.¹³ This statute requires that several administrative practices be adopted by healthcare districts such as the “transparency” and related website content discussed in this report. This statute, which was chaptered in September and becomes effective in 2018, also requires healthcare districts to adopt annual policies for providing assistance or grant funding including:

(1) A nexus between the allocation of assistance and grant funding with health care and the mission of the district.

(2) A process for the district to ensure allocated grant funding is spent consistently with the grant application and the mission and purpose of the district.

HEALTHCARE DISTRICTS IN CONTRA COSTA COUNTY

In California, there are 79 healthcare districts operating in 37 counties; of these 79 districts, 37 districts operate 39 hospitals, and 5 lease their hospitals to other entities.¹⁴ Many of the other districts own healthcare facilities and/or provide direct health services to consumers, as well as distribute grants and funding to other agencies, and may own medical office buildings. All of the healthcare districts in Contra Costa County were formed in the 1940s and previously owned and operated hospitals.

¹¹ Ibid, Little Hoover Commission, pg. 46, "Beach Cities: Is This a Future of Healthcare Districts?".

¹² Ibid, Little Hoover Commission, pg. 44, "Dissolution Has Proved Itself a Persistent Question."

¹³ AB 1728, approved by the Governor and Filed with the Secretary of State on September 23, 2017.

¹⁴ Number of districts from the August 2017 Little Hoover Commission, Report #239; number of leases from correspondence from Amber King, Senior Legislative Advocate, Association of California Healthcare Districts (ACHD), 2/27/17.

Currently three healthcare districts exist in Contra Costa County. None of the districts operate a hospital, although the Los Medanos Community Healthcare District (LMCHD) owns and leases its former hospital building to the County of Contra, which operates the Pittsburg Health Center at that site. One of the other districts, the Concord/Pleasant Hill Health Care District (CPHHCD), is a subsidiary district to the City of Concord and its boundaries include the cities of Concord and Pleasant Hill and some unincorporated areas. The third district, the West Contra Costa Healthcare District (WCCHD), recently completed bankruptcy proceedings.¹⁵ State legislation is currently pending that would allow that district's governing body to be appointed by the Board of Supervisors, rather than elected.

CONCORD/PLEASANT HILL HEALTH CARE DISTRICT

The Mt. Diablo Healthcare District (MDHCD), reorganized in 2012 as a subsidiary district to the City of Concord, was renamed the Concord/Pleasant Hill Health Care District (CPHHCD).¹⁶

The MDHCD transferred its hospital to John Muir Health in 1996, but continued to use its property tax, which averaged about \$200,000 per year, for grants to local organizations and for a variety of educational and other health-related programs. The MDHCD also occupied seats on the John Muir Community Health Foundation board that distributes \$1 million per year for health services grants. Over the years, the MDHCD had been the subject of several grand jury reports calling for it to be disbanded, and eventually MDHCD was reorganized as the smaller subsidiary district by LAFCO. Staff, board, election and other administrative costs were largely eliminated, but many of the healthcare functions continued, including ongoing membership on the Health Foundation board, and distribution of grants using the District's property tax revenues. The Concord City Council serves as the governing body of the subsidiary district that extends beyond City boundaries.

LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT

The Los Medanos Community Healthcare District (LMCHD) serves the Pittsburg and Bay Point areas in eastern Contra Costa County, an area with a population of approximately 82,000.¹⁷ LMCHD operated the Los Medanos Community Hospital up until 1994, when the hospital closed due to financial difficulties and the District was forced to declare bankruptcy. The District has

¹⁵ The WCCHD's Plan of Adjustment was approved by the bankruptcy court on December 21, 2017.

¹⁶ City of Concord Resolution No. 13-007, September 2013.

¹⁷ Contra Costa LAFCO Directory of Local Agencies, August 2015.

recovered from that condition and retired most of its remaining bankruptcy debt in 2007, five years ahead of schedule, with the exception of State financial obligations continuing through 2026.

The LMCHD organizes and sponsors programs and events that provide wellness and prevention services as well as raise the community’s awareness about health issues.¹⁸ The LMCHD leases its former hospital facilities to Contra Costa County for use as the Pittsburg Health Center, the largest clinic in the County health system, with over 100,000 patient visits per year. Services range from primary adult and pediatric care to specialty services such as audiology, orthopedics, podiatry, and dental care services.¹⁹

The District and the County currently are negotiating an extension to the lease. The current status of negotiations is unknown; it is possible that a market-value based lease would increase the current \$100,000 annual rent, resulting in a shift of County revenues to the District to fund the rent increase. As described in this report, the District passes through all lease revenues to the State until after 2026. On November 7, 2017, the Contra Costa County Board of Supervisors adopted a resolution of application requesting LAFCO to initiate proceedings for the dissolution of LMCHD and to appoint the County as successor for purposes of winding up the affairs of the District.²⁰

WEST CONTRA COSTA HEALTHCARE DISTRICT

The West Contra Costa Healthcare District (WCCHD) serves West County, including the cities of Richmond, El Cerrito, Hercules, Pinole, and San Pablo, along with unincorporated areas in west Contra Costa County. The District was formed in 1948 for the purpose of building and operating a hospital. The District operated a hospital for many years, but by the mid-1990s, increasing costs, declining reimbursements, and growing service demands from low-income populations, the insured and underinsured forced the District into bankruptcy. The District emerged from bankruptcy in 2006, but it never managed to regain financial solvency and fell further into debt. In an effort to keep open the District’s full-service acute care hospital, Doctor’s Medical Center, Contra Costa County provided \$35 million in emergency funding to the District between 2006

¹⁸ As further described on Table 9.

¹⁹ Public Healthcare Services Municipal Service Review, prepared by Dudek and The Abaris Group for Contra Costa LAFCO, approved August 8, 2007

²⁰ On November 16, 2017, Contra Costa County submitted an application to LAFCO asking the Commission to consider dissolving the LMCHD.

and 2015, and voters approved two special tax measures. The tax measures weren't enough to keep the hospital open, and Doctors Medical Center closed permanently on April 21, 2105.

The District recently completed Chapter 9 bankruptcy proceedings and its Plan of Adjustment of the District's debt was confirmed by the court December 21, 2017. Under the Plan, the primary obligation of the District for the next seven years will be to repay debt. After this period, all of the District's ad valorem property tax, conservatively up to \$3.6 million per year, should be available for health care. The District's bonded indebtedness, secured by a parcel tax, is not expected to be fully repaid until 2042. On August 1, 2017, the County Board of Supervisors decided to seek legislation that would allow the District to continue to exist under a governing body appointed by the Board of Supervisors. This will save election costs and may allow for administrative efficiencies and opportunities for a strategic partnership between the District and the County.

2. SUMMARY OF FINDINGS & DETERMINATIONS

This chapter applies MSR determinations to the Contra Costa healthcare districts based on information evaluated in subsequent chapters for each district.

(1) GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

As population increases, healthcare needs are likely to grow along with pressure for increased access to healthcare and preventative programs. Healthcare districts can provide needed funding to help address these issues, including helping to reduce demands on emergency room care and costly treatment of chronic conditions.²¹

The Association of Bay Area Governments (ABAG) forecasts overall Countywide growth of nearly one percent annually from 2015 to 2020. Over the longer-term horizon, ABAG estimates a total increase in County population of 23 percent from 2015 through 2040.

Population growth within healthcare districts generally exceeds County averages. CPHHCD could see a 38 percent population increase by 2040 due to the City of Concord's potential development. LMCHD could experience a similar increase of about 36 percent. WCCHD's increase of 28 percent also is greater than Countywide averages.

Demographic changes will also influence future health care needs. An aging population will create increasing demand for geriatric care. Political and economic uncertainties could compound current healthcare needs in low-income areas evident within all three healthcare districts.

(2) THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE.

Disadvantaged communities, areas with incomes less than 80 percent of State medians, exist within all three Contra Costa healthcare districts and generally correlate with medically-underserved State designations. Analysis of health care needs highlights health care inequities in these communities, for example, as described in the 2015 Contra Costa Health Services "Richmond Health Equity Report Card" for areas within the WCCHD. Health needs assessments

²¹ The Little Hoover Commission Report (2017) cited research from the Centers for Disease Control showing that "70 percent of chronic illnesses are preventable, and healthcare cost savings associated with keeping people healthy and out of hospitals are substantial."²¹

prepared by non-profit hospitals prioritize “Economic Security” as a primary health issue, in addition to “Obesity, Diabetes, Healthy Eating, and Active Living.”²²

(3) PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES.

The two currently active healthcare districts, LMCHD and CPHHCD, provide grants to community entities for healthcare purposes. In both cases, this funding represents a benefit to the community; however, the relative portion of funding that is expended for overhead and administration by the LMCHD, at approximately one-third of General Fund revenues in FY2015-16, indicates a less efficient use of available funds as compared to CPHHCD's 20 percent overhead rate. Determination #6 and Chapter 5 further describe projected LMCHD administrative cost factors, which are shown to increase compared to FY2015-16.

Both LMCHD and CPHHCD have adopted goals for improving health in their communities, and require grant recipients to document how grant-funded programs will address health needs and the number of residents served. The LMCHD reporting of persons served does not appear to clearly distinguish total persons served by a program vs. the portion or share reasonably attributable to LMCHD grant funding.

Both districts prioritize funding of programs addressing issues of access to health services which would benefit underserved communities, generally consistent with MSR findings related to disadvantaged communities.

(4) FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES.

WCCHD recently completed Chapter 9 bankruptcy proceedings and its Plan of Adjustment of the District's debt was confirmed by the court December 21, 2017. The District's services over the next seven years will be focused almost entirely on overseeing the repayment of the bankruptcy obligations and planning for the future. Once its debts are largely paid off, its tax revenues will provide roughly \$3.6 million annually for healthcare purposes. On August 1, 2017, the County Board of Supervisors decided to seek legislation that would allow the District to continue to exist under a governing body appointed by the Board of Supervisors, which will save election costs and should facilitate administrative efficiencies. Governance and financial effectiveness will depend on actions to be taken in the future after debts are repaid.

²² See Chapter 3 of this report, "Health Needs Assessments in Contra Costa County", and Appendix C which summarizes the findings of the assessments.

Both CPHHCD and LMCHD rely largely on relatively stable and growing property tax revenues to fund grants. In addition, CPHHCD has a significant role in distributing grant funding for health care purposes through a Community Benefit Agreement, which the John Muir Health System funds at \$1 million per year.

The LMCHD continues to repay bankruptcy debts and will face a two-year increase in payments to the State to \$500,000 per year compared to current payments of \$100,000, according to its schedule of payments; from 2020 through 2026 the payments will be equal to annual rental income, if any. Unless LMCHD negotiates increased lease payments from the County to cover the increased State payments, the additional \$800,000 State repayment over the next two years will either reduce LMCHD funds available for healthcare, and/or reduce its reserves. Increased lease payments would shift County funds to the District to help cover the increased District payments, and will help fund the District's grants and programs.

After State obligations are paid off by LMCHD in 2026, the County lease pass-through payments to the State, currently \$100,000 annually, will be available for healthcare purposes as well as additional rent, if any, from the County at that future point in time.

(5) STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.

In the context of healthcare districts, this report interprets this determination to apply to collaboration and sharing of information to improve efficient and effective services.

Both CPHHCD and LMCHD collaborate to some extent with existing health providers, particularly those receiving grants and support from each district. Broader collaboration with the County, non-profit hospitals, and other healthcare districts is less evident for both districts, although the CPHHCD does invite County health professionals to address its Grant Committee. Neither CPHHCD nor LMCHD utilize health needs assessments or State data to target health needs, although CPHHCD does provide copies of assessments to its Grant Committee members; the recently revised LMCHD Strategic Plan references the needs assessments. The use of County data by LMCHD generally is limited to older County data from 2010, partially updated in its Strategic Plan. The districts rely on grant applicants to document community health needs, and to explain the nexus between grants and those needs.

LMCHD participates in events of the Statewide Association of California Healthcare Districts (ACHD); CPHHCD does not participate in ACHD, although the District's comprehensive approach to reviewing grants applications, which is based on its CDBG process, could be shared with and benefit other healthcare districts, for example, through participation in the ACHD.

(6) ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.

Accountability

Strategic planning by CPHHCD and LMCHD has been minimal, although LMCHD recently updated its strategic plan during the current MSR process. CPHHCD's one-page strategic plan describes goals and objectives, and the District relies on grant recipients to document health care needs to be addressed. LMCHD has an extensive Strategic Plan adopted in 2011 which it recently updated, adopted in December 2017, and provided to LAFCO.²³

CPHHCD is a subsidiary district of the City of Concord. This structure provides that the City Council act as the District's board; policies and financial practices of the City apply to the subsidiary district, and the District benefits from the use of City resources, inclusion in existing financial reports and systems, use of existing City staff, representation/policy oversight by City councilmembers, and utilization of existing grant practices. This structure minimizes the District's overhead as a percent of resources.

Although the CPHHCD is a subsidiary district to the City of Concord, which means that the Concord City Council serves as its governing body, the District serves other communities and is a legal entity separate from the City. Because many of the District's operations were subsumed within the City's structure, the District appears more as a City department rather than a special district. Distinctions between the City and the District should be more explicit through the separate presentation of information about the District, including information presented on the City's website, and financial information posted separately for the District on the website.

LMCHD generally follows best practices for transparency with the significant exception of its website, which the District indicates it is updating. The website continues to contain outdated and difficult-to-find information, including agenda, minutes, and policies, and continues to solicit input on its prior draft Strategic Plan adopted in 2010. The District indicated that it is considering alternative website providers, which may result in an improved website.

Operational Efficiency

As noted in **Finding 3** above regarding adequacy of services, the LMCHD's overhead and administrative expenses were approximately one-third of General Fund revenues in FY2015-16, indicating a less efficient use of available funds as compared to CPHHCD's 20 percent overhead.

²³ LMCHD Strategic Plan 2017-2022, provided to LAFCO December 29, 2017.

LMCHD's FY2017-18 budget shows 51 percent of total General Fund revenues allocated to total administrative costs; however, the budget does not distinguish personnel costs attributable to Community Health Program administration, as is the case with FY2015-16 audited reports. If a share of personnel cost is shifted from district administration to programs, the administrative cost factor would be reduced. Comparing the adjusted administrative costs to total revenues, including \$100,000 of lease revenues, the cost factor would be 43 percent in the FY2017-18 budget.²⁴ The District indicates that budgeted costs are high due to lease negotiations.

Although no absolute standard exists for establishing overhead factors due to differences among agencies' budgets and operations, other points of comparison include: Peninsula Health Care District's overhead was approximately 23 percent of its expenditures for healthcare programs and grants;²⁵ the Eden Township Healthcare District budgeted about 15 percent of its community services budget for administrative and overhead costs.²⁶

Governance Structure

On November 7, 2017, the Contra Costa County Board of Supervisors adopted a resolution of application requesting LAFCO to initiate proceedings for the dissolution of LMCHD and appoint the County as successor for purposes of winding up the affairs of the District.²⁷ This would include the transfer of the District's assets to the County, including the former hospital building currently leased by the County for use as a clinic and land.²⁸ Dissolution offers the opportunity to eliminate potential election costs as well as other LMCHD administrative costs and apply more revenues to healthcare purposes, although the use and disposition of District revenues and assets following dissolution are not determined at this time. The County would not be subject to potential rent increases for the clinic. **Chapter 5** of this report describes this dissolution option and other potential governance options including the status quo.

²⁴ Refer to **Table 12b**.

²⁵ Draft MSR for the Sequoia Healthcare District, March 15, 2017, Table 25, FY17.

²⁶ Final Report, ETHD Special Study, March 13, 2017.

²⁷ On November 16, 2017, Contra Costa County submitted an application to LAFCO asking the Commission to consider dissolving the LMCHD.

²⁸ Action by the Contra Costa Board of Supervisors, 11/7/17.

Pending State legislation would allow the WCCHD to continue to exist under a governing body appointed by the Board of Supervisors, which will save election costs and may allow for coordination between the two agencies, as well as administrative efficiencies.

The CPHHCD was reorganized in 2012 from the Mt. Diablo Healthcare District into a more efficient subsidiary district. The only potential governance option identified, other than the Status Quo, is dissolution. The current MSR finds no justification for dissolution at this time, and therefore it is not evaluated further.

SPHERE OF INFLUENCE FINDINGS

The WCCHD is emerging from bankruptcy; changes in its SOI and boundaries could adversely affect revenues and repayment of debts, and therefore is not recommended at this time.

The boundaries of the CPHHCD generally encompass the cities of Concord and Pleasant Hill. However, there are a few minor areas that could be modified slightly to achieve more logical boundaries. For example, a small area of the City of Concord is actually in the LMCHD. There are a few instances where City of Concord territory is not included in the CPHHCD (and is not within the LMCHD) that could be annexed. Small unincorporated areas could be excluded in order to limit boundaries to Concord and Pleasant Hill. None of these changes is likely to create a significant change in costs or revenues.

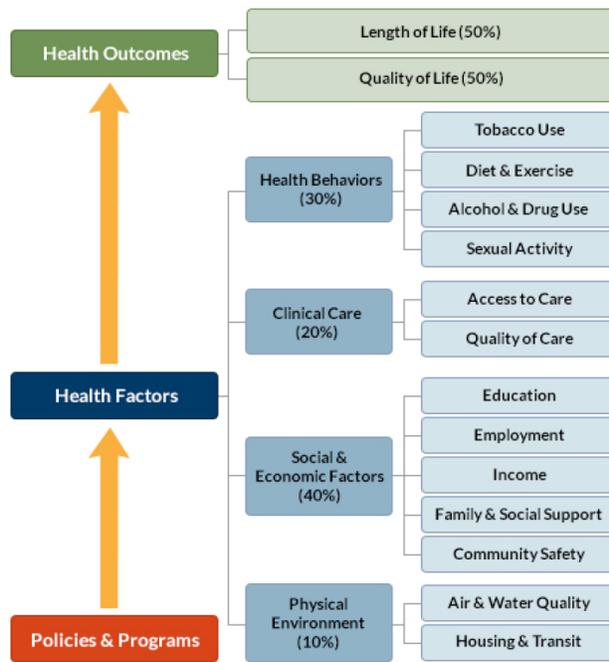
As noted above, one small area of LMCHD falls within the City of Concord, and could be adjusted. LMCHD boundaries include small portions of Clayton and Antioch that could be modified and excluded from the District. If LMCHD were to be reorganized as a subsidiary district to the City of Pittsburg, unincorporated areas in the District's southern territory would need to be detached in order to meet statutory requirements for a subsidiary district.

3. HEALTH CARE IN CONTRA COSTA COUNTY

In 2017, Contra Costa County ranked 9th among 52 California counties for factors important for good health.²⁹ The ranking process, illustrated in **Figure 1**, helps counties understand what influences residents’ health and how long they will live. The factors are Countywide; significant differences are likely to exist within subareas of the County.

The factors include a variety of measures that affect the future health of communities, such as high school graduation rates, access to healthy foods, rates of smoking, obesity, and teen births. The rankings help identify issues and opportunities for local health improvement.

Figure 1 Overview of Health Ranking Factors



Source: County Health Rankings 2017

²⁹ University of Wisconsin Population Health Institute, County Health Rankings 2017.
www.countyhealthrankings.org/california

HEALTH NEEDS IN CONTRA COSTA COUNTY

Health needs assessment is “a systematic method of identifying unmet health and healthcare needs of a population and making changes to meet these unmet needs.”³⁰ Determining priorities must balance what should be done, what can be done, and what can be afforded.

POPULATION GROWTH

Table 1 shows growth projections for cities within Contra Costa healthcare districts, and for the County as a whole. ABAG projects the County to grow at a compounded rate just under 1 percent annually from 2015 through 2020. Forecasts from 2015 through 2040 show a 23 percent total increase.

The population is expected to increase in average age as baby boomers turn 65. For example, the Census reports that the percentage of residents 65 and over grew in Contra Costa County from 12.4% to 14.6% of the population.³¹ This trend is expected to continue through 2029, contributing to increased healthcare needs.

DISADVANTAGED COMMUNITIES

As shown in **Figure 2**, Disadvantaged Communities exist in the three Contra Costa healthcare districts. A “Disadvantaged Community” is “a territory that constitutes all or a portion of a ‘disadvantaged community’ including 12 or more registered voters”³² with an annual median household income that is less than 80% of the statewide annual median household income.”³³

³⁰ Development and Importance of Health Needs Assessment, BMJ, 1998 April 25.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1113037/>

³¹ “Baby boomers are growing the nation’s older population, Census estimates show”, Tatiana Sanchez, Bay Area News Group, June 21, 2017.

³² Senate Bill 244: Land Use, General Plans, and Disadvantaged Communities, Technical Advisory, State of California Office of Planning and Research (OPR).

³³ Cal. Water Code § 79505.5. Qualifying MHI is 80% or less of Statewide MHI. in 2016 California MHI was \$63,636 and qualifying MHI is \$50,909.

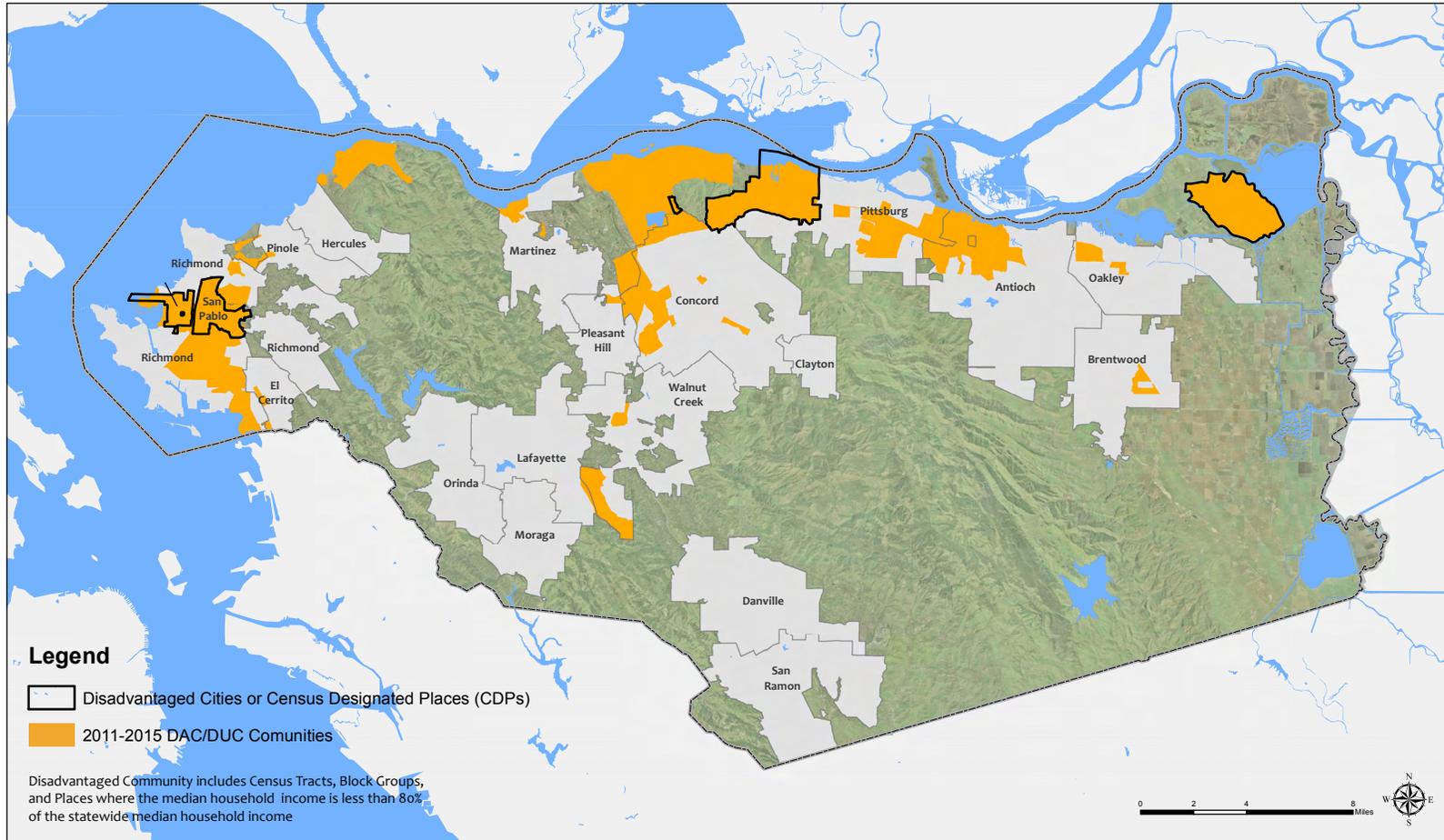
Table 1 Population Growth in Healthcare District Cities and Countywide

Area	2015	2020	5-Year		2040	Total % 2015-40
			Change	Annual %		
CPHHD						
Concord	125,300	128,500	3,200		181,500	
Pleasant Hill	<u>33,800</u>	<u>34,400</u>	<u>600</u>		<u>37,700</u>	
Total	159,100	162,900	3,800	0.6%	219,200	38%
LMCHD						
Pittsburg	67,600	72,000	4,400	1.6%	91,600	36%
WCCHD						
Richmond	109,100	114,600	5,500		140,100	
El Cerrito	24,100	24,700	600		27,500	
Hercules	26,500	28,900	2,400		39,500	
Pinole	18,900	19,500	600		22,200	
San Pablo	<u>30,300</u>	<u>31,500</u>	<u>1,200</u>		<u>37,200</u>	
Total	208,900	219,200	10,300	1.2%	266,500	28%
County Totals						
Cities	922,800	957,400	34,600	0.9%	1,155,900	25%
Unincorporated	<u>162,900</u>	<u>166,100</u>	<u>3,200</u>	0.5%	<u>182,500</u>	12%
Total	1,085,700	1,123,500	37,800	0.9%	1,338,400	23%

ABAG Projections 2013

11/30/17

Figure 2 Disadvantaged Communities in Contra Costa County



MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

The California Office of Statewide Health Planning and Development (OSHPD) designates areas where critical health services are deficient. These areas may then qualify for certain State and Federal funds. **Appendix B** describes and maps each designation, and indicates where they exist relative to the three Contra Costa healthcare districts.

HEALTH NEEDS ASSESSMENTS IN CONTRA COSTA COUNTY

The Affordable Care Act (ACA) requires not-for-profit hospitals to prepare a community health needs assessment (CHNA) every three years. The CHNAs provide the basis for implementation strategies. Typically, the CHNAs identified the highest priority health-related issues as " Obesity, Diabetes, Healthy Eating, and Active Living" and "Economic Security". **Appendix C** includes the priorities identified in CHNAs prepared for the following hospitals that serve the health district residents:

- John Muir Health
- Kaiser Foundation Hospitals (KFH)
 - KFH-Walnut Creek
 - KFH-Richmond
 - KFH-Antioch
- Sutter Delta Medical Center

OTHER STUDIES AND INDICATORS

The Contra Costa Health Services Department has produced numerous studies documenting various health issues in the County.³⁴ Its comprehensive report on Countywide Health Indicators was last issued in 2010, and provided the basis for subsequent health planning within the County. The LMCHD Strategic Plan and its 2017 Health Profile relies on data from this report. The Healthy and Livable Collaborative, which focuses on health issues in the Pittsburg and surrounding areas within the LMCHD, also draws on data from the County's 2010 report.

Mental health needs and the adequacy of the response by the County were addressed in a Contra Costa Mental Health System of Care Needs Assessment.³⁵ The assessment considered the three regions of the County (West, Central, and East).

³⁴ See the Contra Costa Health Services webpage at: <http://cchealth.org/publications/>

³⁵ Contra Costa Mental Health System of Care Needs Assessment, November 2016, Contra Costa Behavioral Health Services.

The County's EMS system was recently re-organized based on a modernization study.³⁶ Currently, 92 percent of county ambulance services are provided by agreement between the Contra Costa Fire Protection District as contractor and American Medical Response as subcontractor.³⁷

FACILITIES AND SERVICES IN THE COUNTY

Figure 3 depicts the locations of hospitals in the County relative to boundaries of healthcare districts. Maps within each district chapter provide additional detail about other healthcare facilities.

Table 2 shows emergency facilities by hospital within Contra Costa County. With the closure of Doctors Medical Center in the WCCHD, which reduced the number of emergency room beds in West County from 40 down to 15, West County has the fewest emergency medical treatment stations per capita compared to other regions within the County. The number of ER stations in West County has increased to 28, but still provides less than half the County average relative to its population. Other regions of the County have a number of emergency stations approximately at or above the Countywide average of 2.4 stations/10,000 population.

The reduction in ER stations has not significantly affected access to care in West County; use of emergency departments has trended downwards as care shifts with expansion and use of ambulatory care clinics and urgent care, and there is no evidence "West County patients that use the 9-1-1 system are taking a longer time getting to an appropriate level of care and have substantially longer transport times than anywhere else in the County" except for a limited number of Richmond patients.³⁸ The Doctors Hospital closure has been a disruption for those patients who "self transport" and walk into DMC for both ED care and specialty care.³⁹

³⁶ <http://cchealth.org/ems/pdf/2014-EMS-System-Modernization-Study.pdf>

³⁷ Memorandum from Pat Frost, EMS Director, to Pat Godley, CFO, Contra Costa Health Services.

³⁸ Pat Frost, Director Emergency Medical Services, Contra Costa Health Services, 11/16/17.

³⁹ *ibid*, Pat Frost/ 11/16/17.

Figure 3 Hospitals in Contra Costa County

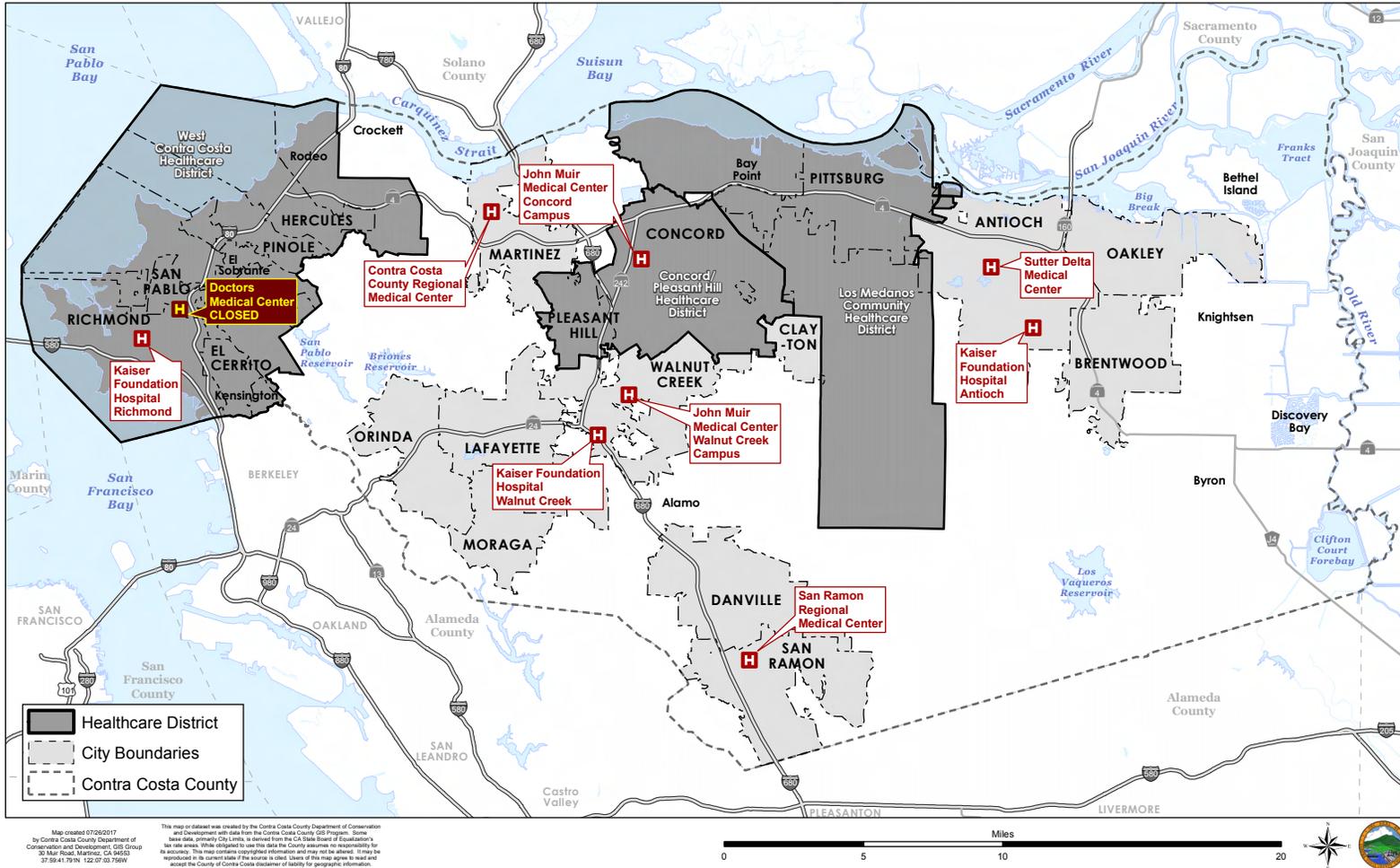


Table 2 Emergency Medical Treatment Stations by Contra Costa Region

General Acute Care Facility	City	County Area		
		West	Central	East
CONTRA COSTA REGIONAL MEDICAL CENTER	Martinez		18	
SUTTER DELTA MEDICAL CENTER	Antioch			32
JOHN MUIR MEDICAL CENTER-WALNUT CREEK CAMPUS	Walnut Creek		44	
KAISER FOUNDATION HOSPITAL - WALNUT CREEK	Walnut Creek		52	
JOHN MUIR MEDICAL CENTER-CONCORD CAMPUS	Concord		32	
SAN RAMON REGIONAL MEDICAL CENTER	San Ramon		12	
KAISER FOUNDATION HOSPITAL - RICHMOND CAMPUS (1)	Richmond	28		
KAISER FOUNDATION HOSPITAL - ANTIOCH	Antioch			37
TOTAL STATIONS	255	28	158	69
Population	1,072,000	254,800	513,300	303,900
Stations/10,000 Population	2.4	1.1	3.1	2.3

Source: ALIRTS Utilization Report 2015, as revised by Pat Frost, Director Emergency Medical Services, Contra Costa Health Services, 11/16/17. Population from American Community Survey, 2014
(1) Kaiser Richmond had 15 emergency stations in 2015 when DMC closed.

In the Bay Area, hospitals are increasingly consolidating and instead substituting building out urgent care and large specialty and primary care ambulatory clinics to serve the population. Most medical care is outpatient, and total inpatient bed capacity utilization has decreased from 2015-2017 including West County,⁴⁰ reducing the significance of emergency treatment stations per capita as a measure of access to care. However, depending on the future of the Affordable Care Act (ACA), use of emergency rooms by the uninsured could increase.

COUNTY OF CONTRA COSTA

The County of Contra Costa provides a broad range of health-related services to County residents, including the following:

- **Behavioral Health Services**- Includes mental health, alcohol and other drugs and homeless programs.
- **Contra Costa Health Plan** - A federally qualified health maintenance organization (HMO) providing over 90,000 people in Contra Costa County with health coverage.

⁴⁰ *ibid*, Pat Frost/ 11/16/17.

- **Emergency Medical Service (EMS)** – Local regulatory authority responsible for the coordination emergency medical services (dispatch, first responders 9-1-1 ambulance services and emergency departments). Coordinates and oversees county and regional Trauma, Stroke, High Risk Heart Attack and Cardiac Arrest programs. Oversees permitting of non-emergency ambulance providers.
- **Environmental Health** – Regulates and inspects a range of facilities and activities to protect public health, including food operations and restaurants, swimming pools, and other public areas, sewage and solid waste facilities.
- **Hazardous Materials** - Responds to emergencies and monitors hazardous materials.
- **Public Health** - Promotes and protects the health of County residents, with special attention to communities and populations most at risk for poor health outcomes and those most affected by environmental inequities.
- **Contra Costa Regional Medical Center (CCMRC) and Health Centers** - CCRMC is a 166-bed full service acute care hospital serving Contra Costa residents. Ten Health Centers throughout Contra Costa offer health care with a full range of specialty services.

The County is in the process of developing a Public Health Strategic Plan, which will not be completed until 2018, focusing on the Public Health Division's activities in community health and prevention.⁴¹

Several examples of specific County programs that provide grants similar to healthcare districts in the County, and/or that provide services similar to those receive grants from healthcare districts, are summarized below.

The Community Wellness & Prevention Program

The Community Wellness & Prevention Program (CWPP) of Contra Costa Health Services aims to “improve the environmental, social and economic conditions that contribute to poor health, and support a quality of life that promotes the health and wellbeing of all county residents, with special attention to those under served.”⁴²

Contra Costa Regional Health Foundation

Contra Costa Regional Health Foundation is a non-profit organization that “supports Contra Costa Health Services in its work to care for and improve the health of all the people in Contra Costa County with special attention to those who are the most vulnerable.”⁴³

⁴¹ Correspondence from Dr. Walker, Contra Costa Health Services, to L.Texeira, 9/23/17.

⁴² <http://cchealth.org/prevention/>

⁴³ <http://ccrhf.org/>

4. CONCORD/PLEASANT HILL HEALTH CARE DISTRICT (CPHHCD)

Figure 4 depicts the boundaries of the District. The CPPHD serves 162,000 residents residing primarily in the cities of Concord and Pleasant Hill, and about 800 residents of unincorporated areas. The CPPHD is a subsidiary district of the City of Concord, a result of Contra Costa LAFCO's reorganization of the former Mt. Diablo Healthcare District (MDHCD) in 2012. The District does not own or operate a hospital; the District's primarily grants funds to healthcare-related agencies that provide services to District residents.

The MDHCD transferred its hospital to John Muir Health in 1996, but continued to use its property tax, which averaged about \$200,000 per year, for grants to local organizations and for a variety of educational and other health-related programs. The MDHCD also occupied seats on the John Muir Community Health Foundation board that distributes \$1 million a year for health services grants. Over the years, the MDHCD had been the subject of several Grand Jury reports calling for it to be disbanded, and eventually MDHCD was reorganized as the smaller subsidiary district by LAFCO.

Staff, Board, election and other administrative costs were largely eliminated by the reorganization, but many of the District's healthcare functions continue, including ongoing membership on the Health Foundation board, and distribution of grants. Staff and administrative services are provided by the City of Concord, and the Concord City Council sits as the Board of the District.

The City of Concord represents nearly 80 percent of the District's population as described in **Table 3**, and Pleasant Hill residents comprise the remaining 20 percent. A small portion of the District includes about 800 residents of the unincorporated County.

Figure 4 CPHHCD Boundaries

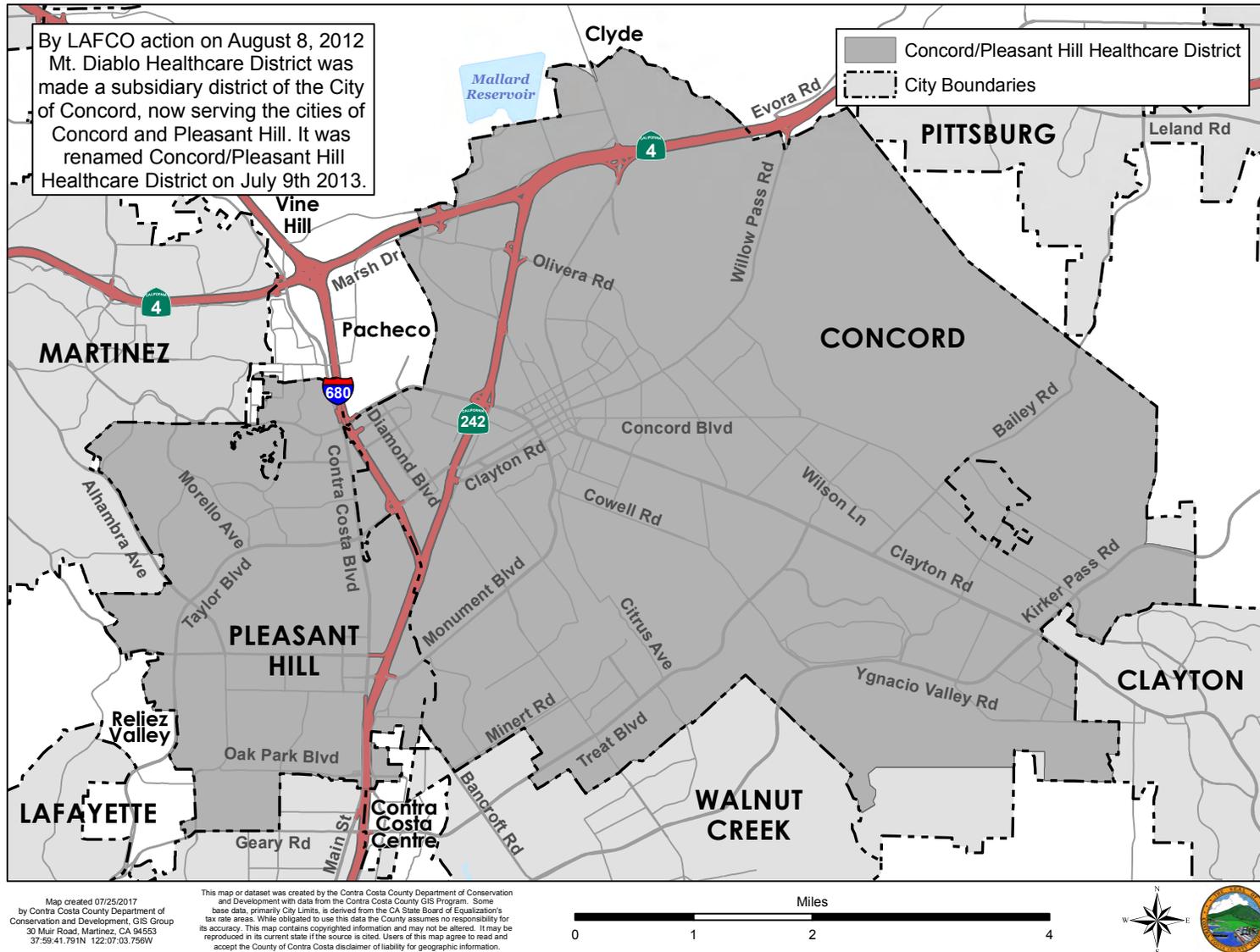


Table 3 Summary of Population and Area within the CPHHCD Boundaries

Area	Population		Area (sq.miles) (3)				
	Total City or Community (1)	District Population (2)(3) % Residents % Dist.	Total City or Community	District Area Sq. Miles % Dist.			
<u>INCORPORATED</u>							
Concord	128,370 (1)	99% 126,687 78.1%	30.53	29.59	79.9%		
Pleasant Hill	34,657 (1)	100% 34,657 21.4%	7.08	<u>7.08</u>	<u>19.1%</u>		
Total, Incorporated	163,027	99% 161,344 99.5%		36.67	99.0%		
<u>UNINCORPORATED</u>							
Other Unincorporated	<u>886</u> (3)	100% <u>886</u> <u>0.5%</u>		<u>0.35</u>	<u>0.5%</u>		
Total, Unincorporated	886 (1)	100% 886 0.5%		0.35	1.0%		
TOTAL	163,913 (1)	99% 162,230 100.0%	-	37.02	100.0%		

(1) Source: Cal. Dept. of Finance, Report E-1: City/County Population Estimates 1/1/17

(2) Census, American Community Survey, 5-year

(3) County of Contra Costa GIS, 2017-07-27; land area only.

8/1/17

HEALTH NEEDS IN THE DISTRICT

Health Needs Assessments prepared by hospitals serving the community prioritize obesity-related health issues. State data indicate a shortage of medical professionals within areas of the District.

Currently, the District does not actively evaluate healthcare needs within the District. It relies on input from local health providers and grant applicants to define and document the needs. For example, the District’s grant application requests a description of the community need, problem or issue addressed by the applicant’s program, and asks for inclusion of relevant information and studies specific to the District.⁴⁴ The District’s grant evaluation criteria assign a weighted score to the applicant’s demonstration that needs are addressed.⁴⁵

POPULATION GROWTH

As shown in prior **Table 1**, ABAG projects the cities of Concord and Pleasant Hill, which represent virtually all of the District’s population, to average 0.4% to 0.6% growth from 2015

⁴⁴ Application for Funding for FY 2016-17, Concord/Pleasant Hill Health Care District, Item 2.C.

⁴⁵ FY 2016/17 Concord/Pleasant Hill Health Care District Evaluation Criteria

through 2020. This growth rate would increase the District’s population by 3,800 residents. By 2040 ABAG estimates a 38% increase in the number of residents in the District’s cities compared to 2015.

DISADVANTAGED COMMUNITIES

Portions of the City of Concord, on its north and west sides, and portions of the City of Pleasant Hill, qualify as disadvantaged communities as shown on prior **Figure 2**.

MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

As described and mapped in **Appendix B**, OSHPD designates areas with different types of medical professional shortages.

No medically underserved areas exist within the CPHHCD (see **Figure B-1**), no Dental Health Professional Shortage Areas (see **Figure B-3**), and no Mental Health Professional Shortage Areas (see **Figure B-4**) exist within the District. Areas within the District are designated as Primary Care Shortage Areas (see **Figure B-2**).

HEALTH NEEDS ASSESSMENTS

The JMH community health needs assessment (CHNA), which includes the territory of the CPHHCD, prioritized “Obesity, Diabetes, Healthy Eating, and Active Living”, followed by “economic security” and “Healthcare Access & Delivery, including Primary & Specialty Care.”⁴⁶ The Kaiser Foundation Hospital, which serves areas of the District, also identified obesity and related health issues as a top priority.⁴⁷

OTHER STUDIES AND INDICATORS

The District does not compile a “health profile”, but does require that grant recipients document the health needs that the grant funded program would address.

⁴⁶ 2016 Health Needs Assessment, John Muir Health.

⁴⁷ 2016 Community Health Needs Assessment, Kaiser Foundation Hospitals Oakland and Richmond, approved September 21, 2016.

FACILITIES AND SERVICES IN THE DISTRICT

Figure 5 indicates the locations of medical facilities within and proximate to the District. The City of Concord and adjacent communities are served by the John Muir Medical Center. As also shown for the LMCHD, the numbers of Central County’s emergency stations exceed County averages per capita. As noted above, areas within the District are designated as Primary Care Shortage Areas.

CPHHCD GOVERNANCE

LAFCO authorized the Concord City Council to serve as the ex officio⁴⁸ Board of Directors of CPHHCD.⁴⁹ Actions requested of the CPHHCD are included on City Council meeting agendas as necessary under “City Council Sitting as the Concord/Pleasant Hill Health Care District”.

The CPHHCD Board appointed five Concord residents to the Concord/Pleasant Hill Health Care District Grant Committee to make “annual recommendations for the ongoing allocation of property tax revenues directed at meeting the health care needs of the community.”⁵⁰ Two Pleasant Hill residents were appointed to the Grant Committee by the Pleasant Hill City Council.

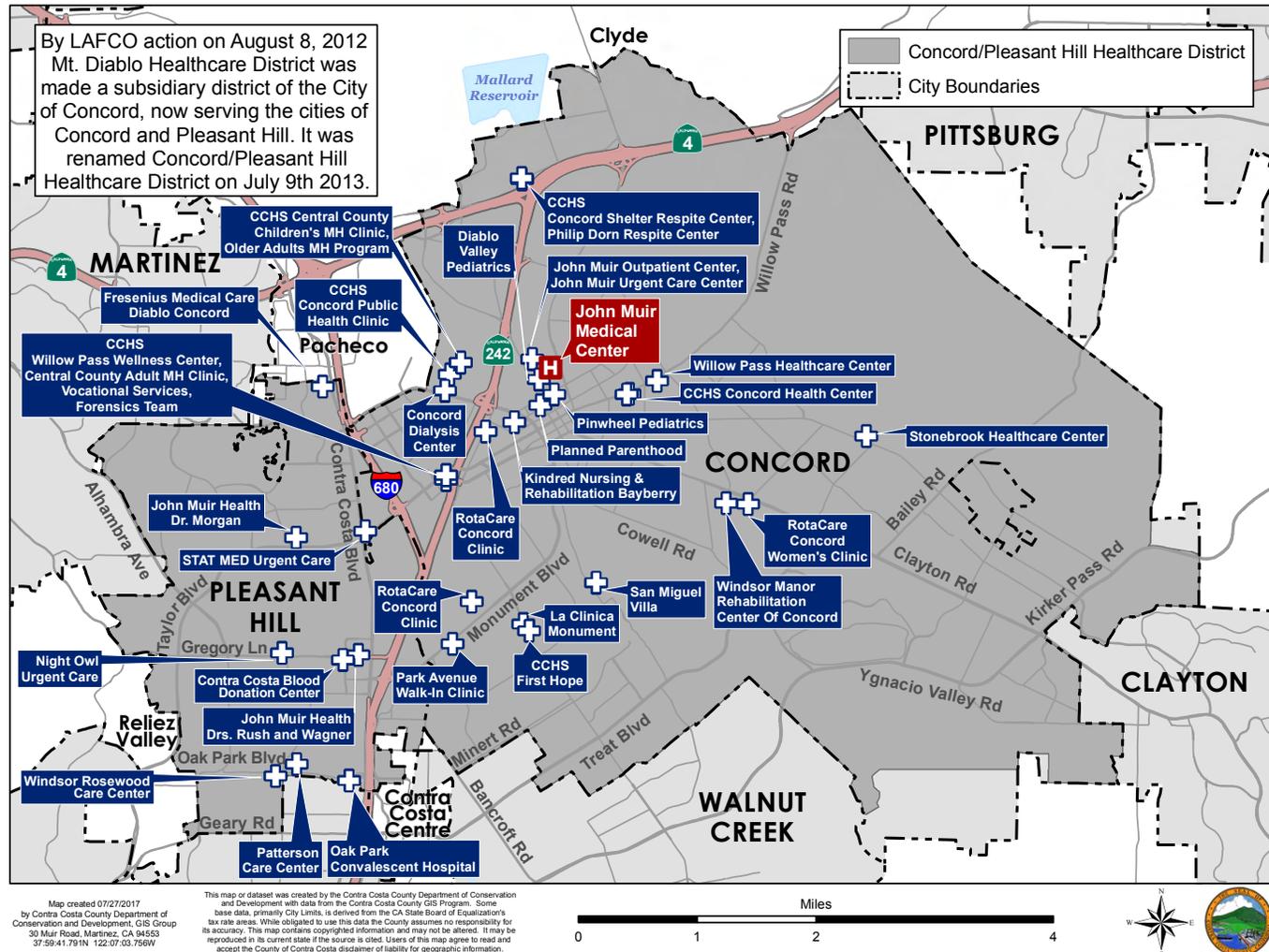
Participation by the former MDHCD on the John Muir Community Health Fund Board continued through the CPHHCD Board appointment of two Concord city councilmembers and one public representative. The City of Concord appointees joined the two representatives appointed by the City of Pleasant Hill and five John Muir members. The Community Health Fund Board directs the allocation of approximately \$1 million annually.

⁴⁸ Ex officio members of a board are serving on the board “by reason of their office,” rather than by being elected or appointed to the position.

⁴⁹ Contra Costa LAFCO, August 8, 2012, Resolution No. 12-02B, Resolution of the Contra Costa Local Agency Formation Commission Making Determinations and Approving the Mt. Diablo Health Care District Reorganization: Detachment of Territory and Establishment as a Subsidiary District.

⁵⁰ Concord/Pleasant Hill Health Care District web page,
<http://www.cityofconcord.org/page.asp?pid=7005> 2017-06-20.

Figure 5 Health Care Facilities in the CPHHCD



ACCOUNTABILITY

The City Council sits as the governing body of the District, and meetings are noticed and materials included as a part of the City's council meetings. Information about the District is included on the City's website, and District financial reports are part of the City's audit process and included in City financial reports.

While the City integrates the District into the governance practices of the City, which is a cost-effective practice, this consolidation does not promote best practices that encourage transparency. For example:

- The City's website lists the District under its "Quicklinks" menu and links to a page providing a description of the District and related information;⁵¹ but the District does not otherwise have its own listing under the "Government" menu (with the exception of the District Grant Committee shown under "Government/City Agendas and Videos"⁵²).
- The District is listed under the City's website "About" page, under the heading "City Projects and Initiatives".⁵³
- The City's online calendar shows meetings of the District's Grant Committee, but does not indicate meetings of the District Board (City Council sitting as the Board). Similarly, a link exists to the Grant Committee's agendas, but not to District Board agendas.
- The City's main website menus identify "Community Grants" which includes information only about District grants; re-labeling this page to indicate that the link will go to the District's grant page would improve transparency.
- On the City's website, the District's name is often abbreviated, making its identification more difficult.
- The City's financial reports include a separate accounting for the District, however, the District reports are not separately posted on the City's website (and/or on the District webpage).

Public outreach is conducted to inform residents of District activities. The notice of available funding and the kickoff meeting for each grant cycle is sent to approximately 600 individuals and agencies on the City's interested parties list. The notice is posted on the City's website and in local newspapers thirty days prior to the kickoff meeting. Agendas for each meeting of the Grant

⁵¹ <http://www.cityofconcord.org/page.asp?pid=7005>

⁵² <http://www.cityofconcord.org/page.asp?pid=05>

⁵³ <http://www.cityofconcord.org/page.asp?pid=06>

Committee during the application review process are posted at City Hall and on the City's website. The Committee's funding recommendations are sent to all applicants and are posted 30 days prior to the Public Hearing. The Public Hearing is properly noticed.

Although the District is a subsidiary district to the City of Concord, which means that the Concord City Council serves as its board, the District serves other communities and is a legal entity separate from the City. This distinction should be more explicit through the separate presentation of information about the District.

CPHHCD GOALS, POLICIES AND PLANS

The CPHHCD Strategic Plan describes the District's mission:

"The Concord/Pleasant Hill Care District is dedicated to improving the health of people and communities within the Health Care District by funding needed health programs, engaging in health collaborations, and promoting and advocating for needed changes in health policies."⁵⁴

The Strategic Plan identifies funding priorities to guide its allocation of grants. The two priorities are:

- 1) **Health Access** - Increase access to medical, dental, mental health, and optometry health services; access to related transportation services and assistance in accessing health services, and making services geographically more accessible; and increasing provider competencies through training and/or technology.
- 2) **Healthy Lifestyle** - Promote healthy lifestyles by improving access to health information and nutritional choices, exercise and fitness programs, prevention programs, and social services that compliment health care services and enhance well-being.

CPHHCD SERVICES

The District continued its predecessor's participation on the board of the John Muir/Mt. Diablo Community Health Fund (CHF), which was created when the Mt. Diablo hospital was acquired by John Muir. The CHF provides over \$1 million in grant funding to various agencies delivering services to residents of the region including primary care, specialty care, dental care, behavioral

⁵⁴ CPHHCD 2016-18 Strategic Plan.

health care, and healthy aging support services for conditions that range from cancer and chronic disease through dental care and mental illness.⁵⁵

In addition to its participation in the grant activities of the CHF, CPHHCD provides grants to healthcare service providers.

GRANT POLICIES

As described above in “CPHHCD Goals, Policies and Plans”, the CPHHCD’s grant priorities are: 1) health access; and 2) healthy lifestyles. These goals are generally aligned with priorities identified by Health Needs Assessments.

The District’s grant evaluation criteria evaluate whether and how grant applications identify and address needs and community benefits within one or both of these priorities, and weight the outcome by 60 out of 100 total evaluation points. The remaining 40 points are allocated for organizational and administrative capacity, partnerships and collaboration with other local agencies and financial review. The grant process requires that applicants submit supporting materials to demonstrate how their service or activity meets identified needs. In addition, during the grant process each applicant agency is required to provide a presentation to the Grant Committee detailing how their program or project meets the requirements of the program and the needs of the District. These presentations are noticed to the community and the public is invited to attend.

GRANT COMMITTEE

The District documents the purpose and responsibilities of its Grant Committee. The purpose of the committee is to “review applications from local agencies that provide programs that promote health access or healthy lifestyles, and make funding recommendations to the District’s Board of Directors (City Council).”⁵⁶

The Grant Committee consists of seven members – the City of Concord appoints five and the City of Pleasant Hill appoints two, roughly proportionate to their respective populations within the District.

The Committee makes grants on a two-year cycle followed by a three-year cycle, holding regular meetings during the first year of the cycle and meeting as needed in subsequent years. Agencies

⁵⁵ <http://www.jmmdcommunityhealthfund.com>

⁵⁶ Concord/Pleasant Hill Health Care District Grant Committee: Purpose & Responsibilities, July 12, 2017

meeting their performance goals and demonstrating appropriate expenditure of grant funds are awarded the second or third year of their grant award. This approach streamlines the grant process by reducing the application and reporting burden of the agencies and the time requirement of the Committee.

GRANT AWARDS

Table 4 shows grants awarded for FY2017-18. The table lists 17 grants generally ranging from \$10,000 to \$25,000. As noted by the District, most of the agencies awarded grants provide services to Central Contra Costa County, or Countywide. The District requires that grant recipients report the number of District residents served by its programs.

Upon its initial formation as a subsidiary district, the District utilized its Community Development Block Grant (CDBG) committee to evaluate and award grants. The District's grant process generally is modeled after its CDBG process, although it now utilizes a separate committee for awarding health care-related grants. The District found that its current structure enables the District to focus on healthcare needs and services.

Table 4 Summary of CPHHCD FY16-17 Grants

Agency	Program	FY 2016/17	Recommended FY 2017/18
Choice in Aging (1)	Adult Day Health Care: Comprehensive Health Care for Frail Seniors	\$22,000	\$22,000
Contra Costa Crisis Center	Health Access 24-7: 211 Information & Referral	\$22,000	\$22,000
Contra Costa Family Justice Alliance	Family Justice Center	\$22,000	\$22,000
Food Bank of Contra Costa and Solano	Food Bank - Community Produce Program	\$16,000	\$16,000
Meals on Wheels of Contra Costa, Inc.	Meals for Concord/Pleasant Hill Homebound Elders	\$16,000	\$16,000
Meals on Wheels and Senior Outreach Services	Senior Total Health Management Initiative	\$13,000	\$13,000
Monument Crisis Center	Healthy PH/C Healthy Pleasant Hill Healthy Concord	\$25,000	\$25,000
Mt. Diablo USD CARES After School Program	Making a Healthy Lifestyle Your	\$10,000	\$10,000
Ombudsman Services of Contra Costa	Ombudsman Services of Contra Costa	\$16,000	\$16,000
Pleasant Hill Senior Center	CC CafŽ Senior Nutrition Program	\$13,000	\$13,000
Rainbow Community Center	HIV/LGBT Senior Program	\$12,000	\$12,000
Rainbow Community Center	Youth Services	\$12,000	\$12,000
RotaCare Bay Area, Inc.	RotaCare Bay Area, Inc./Concord Clinic	\$22,000	\$22,000
STAND! For Families Free of Violence	Central County Domestic Violence Emergency Response	\$16,000	\$16,000
(The) Respite Inn (2)	Health and Fitness Program	\$13,000	\$0
Contra Costa County Health Services/Homeless Programs	CORE Outreach Team	<u>\$0</u>	<u>\$13,000</u>
TOTAL FUNDING		\$250,000	\$250,000

Source: Concord/Pleasant Hill Health Care District Grant Committee FY 2017/18 Funding Recommendations

(1) Formerly Rehabilitation Services of Northern California.

(2) 2016/17 Funding was a one-time grant for the purchase of exercise equipment.

COORDINATION WITH OTHER PROVIDERS

To maximize community benefit, the evaluation criteria used by the Grant Committee allocates ten points for partnerships and collaboration between applicant agencies and other local service providers. While there is no formal coordination with other health care providers, local representatives from John Muir Health and Contra Costa County Health Services are invited to speak to the Committee regarding local health needs. In addition, the Health Needs Assessments prepared by hospitals serving the area are provided to Committee members and are discussed during the application review process. The District requires applicants for funding

to identify the health needs to be addressed by their programs, and to submit appropriate supporting documentation.⁵⁷

CPHHCD PROPERTY

The CPHHCD does not own or operate any facilities. Its predecessor, formed in 1948 to build the Mt. Diablo Medical Center, subsequently transferred in 1996 all rights and title in the Mt. Diablo Medical Center, including land, buildings and equipment, to John Muir Health (JMH). In return, JMH is required to operate and maintain the District's healthcare facilities and assets for the benefit of the communities served by the District.

CPHHCD FINANCES

The District's FY16-17 revenues shown in **Table 5** consist primarily of property taxes. Grants account for 80 percent of District expenditures, and overhead for operating expense and staff represents 20 percent.

⁵⁷ Meeting with R.Berkson, LAFCO staff, and CPHHCD staff, 6/21/17.

Table 5 Summary of CPHHCD Revenues and Expenditures (FY2016-17)

Item	Actual FY 2016/17	% of Total
Beginning Balance (1)	\$56,600	
Revenues (2)		
Property Tax	\$292,300	92%
John Muir	25,000	8%
Interest	<u>400</u>	<u>0%</u>
Total Revenues	\$317,700	100%
Expenditures (2)		
Salaries and Benefits	\$46,700	17%
Services and Supplies	<u>10,100</u>	<u>4%</u>
Subtotal	56,800	20%
Grants	<u>221,500</u>	<u>80%</u>
Total Expenditures	\$278,300	100%
Net Total	\$39,400	
Ending Balance (3)	\$96,000	

(1) Beginning balance, City of Concord Combining Schedule for the Year Ended June 30, 2016

(2) City of Concord, Actual vs. Budget, Fund 530, FY16-17

(3) Ending balance estimated by Berkson Associates.

CPHHCD REVENUES

PROPERTY TAX

The \$20.5 billion of assessed value within District boundaries, shown in **Table 6**, generates approximately \$300,000 annually in District property taxes. Property taxes are the primary source of revenue, supplemented by an annual grant of \$25,000 from JM.H.

Table 6 Summary of Assessed Value within the CPHHCD Boundaries

Area	Total A.V. Total City or Community (1)	District Assessed Value (1)		
		%	\$	% Dist.
<u>INCORPORATED</u>				
Concord	\$ 15,009,077,656	97%	\$ 14,580,088,762	71.2%
Pleasant Hill	\$ 5,725,256,425	100%	\$ 5,725,256,425	28.0%
Total, Incorporated	\$ 20,734,334,081	98%	\$ 20,305,345,187	99.2%
<u>UNINCORPORATED</u>				
Other Unincorporated				
Total, Unincorporated	\$ -		\$ 173,997,512	0.8%
TOTAL	\$ 20,734,334,081	99%	\$ 20,479,342,699	100.0%

(1) Source: Contra Costa County Assessor, 2017-18 Total A.V.

7/26/17

CPHHCD EXPENDITURES

OVERHEAD AND ADMINISTRATION

The District utilizes the services of a part-time staff person, and allocates a share of City administrative overhead and expenses. Total overhead and administration represent 20 percent of District expenditures.

GRANTS

Grants to service providers represent 80 percent of District expenditures.

CPHHCD ASSETS AND LIABILITIES

The District’s assets consist of the net fund balance, estimated to be \$96,000 at the end of FY2016-17 (see prior **Table 5**).

When the District was reorganized as a subsidiary district of the City of Concord, LAFCO’s resolution required that the prior independent district, the Mt. Diablo Healthcare District,

“negotiate a fully-funded, closed plan with its existing health care beneficiaries resolving any currently unfunded health care benefit liability, solely utilizing District assets.”⁵⁸ Thus, the reorganization transferred no liabilities to the newly formed subsidiary district.

CPHHCD ORGANIZATIONAL ISSUES AND OPTIONS

The following sections describe each option and key opportunities and limitations.

- **Maintain the Status Quo** -- The current subsidiary district would continue. As noted in this report, the District is not clearly distinguished as a district separate from other City activities. Addressing these concerns, including additional public outreach, would improve adherence to transparency principles. Similarly, improvements in coordination with and use of health conditions information, in addition to relying on submittals of grant applicants, would also strengthen the nexus between District funding and its strategic goals. It is recognized that the District's limited resources constrain its ability to prepare detailed health profile and needs analysis, but existing data sources could be utilized at minimal cost.
- **Dissolution with Appointment of Successor for Winding-up Affairs** -- Dissolution would eliminate the District and its assets would be liquidated or distributed to other public agencies. LAFCO would appoint a successor agency to wind up the affairs of the District and manage the liquidation and distribution of assets.

The current MSR finds no justification for dissolution at this time, and therefore it is not evaluated further.

⁵⁸ Resolution No. 12-02B, Contra Costa LAFCO, passed and adopted June 29, 2012.

5. LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT (LMCHD)

Figure 6 depicts the boundaries of the District. The LMCHD serves 97,000 residents residing primarily in the City of Pittsburg (72 percent) and unincorporated community of Bay Point west of Pittsburg. The District also includes about 2,000 residents of other unincorporated areas, and 2,400 residents of small portions of the cities of Antioch, Clayton and Concord. The District owns a former hospital building that it leases to the County of Contra Costa for use as the Pittsburg Health Center, the largest clinic operated by the County Health Services Department, with over 100,000 visits per year, and supports various healthcare-related programs through grants and direct support.

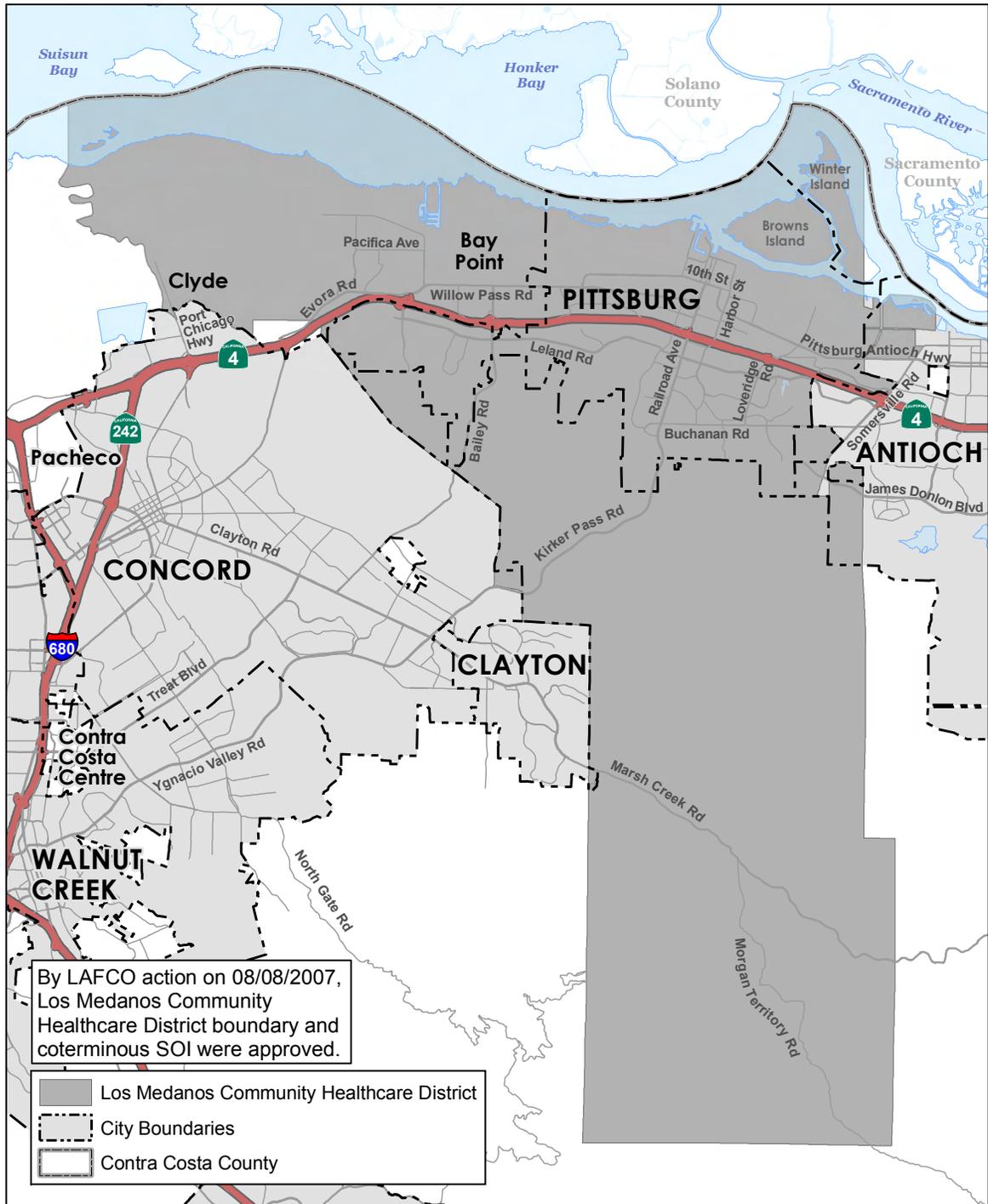
The LMCHD was formed in 1946 for the purpose of constructing a hospital to serve the community. The District filed for Chapter 9 bankruptcy in 1994 and closed its hospital. The District's bankruptcy obligations were largely repaid by 1997.⁵⁹

The bankruptcy Plan required an assignment of rents to OSHPD from lease of the hospital building as consideration for OSHPD loans provided to LMCHD through OSHPD's Cal-Mortgage Division. An agreement in 2000 specified that cessation of revenues from the hospital building would trigger an obligation due to OSHPD.

Since the bankruptcy, the District has pursued its goals by developing and funding a range of community health programs.

⁵⁹ Snapshot of LMCHD History, LMCHD Strategic Plan 2011-2016, Adopted October 2010 (note: the Strategic Plan was revised for 2017-2022 and adopted Dec. 2017). The bankruptcy Plan for the Adjustment of Debt is dated August 18, 1998.

Figure 6 LMCHD Boundaries



Map created 07/25/2017 by Contra Costa County Department of Conservation and Development, GIS Group 30 Muir Road, Martinez, CA 94553 37:59:41.791N 122:07:03.756W

This map or dataset was created by the Contra Costa County Department of Conservation and Development with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.



Table 7 details the District’s population and area by jurisdiction. As previously noted, the City of Pittsburg and the Bay Point community represent the majority of District residents. Small portions of the District fall within the cities of Antioch, Clayton and Concord.

Table 7 Summary of Population and Area within the LMCHD Boundaries

Area	Population				Area (sq.miles) (3)		
	Total City or Community (1)	District Population (2)(3) %	Residents	% Dist.	Total City or Community	District Area Sq. Miles	% Dist.
<u>INCORPORATED</u>							
Pittsburg	69,818 (1)	100%	69,818	72.2%	16.28	16.25	20.5%
Antioch	114,241 (1)	2%	2,120	2.2% (3)	29.33	1.44	1.8%
Clayton	11,284 (1)	1%	68	0.1%	3.83	0.04	0.0%
Concord	<u>128,370</u> (1)	0.2%	<u>225</u>	<u>0.2%</u>	30.53	<u>0.13</u>	<u>0.2%</u>
Total, Incorporated	323,713	22%	72,231	74.6%	-	17.86	22.5%
<u>UNINCORPORATED</u>							
Bay Point	22,473 (2)	100%	22,473	23.2%	3.24	3.24	4.1%
Clyde	751 (2)	100%	751	0.8%	0.15	0.15	0.2%
Other Unincorporated	<u>1,305</u> (3)	100%	<u>1,305</u>	<u>1.3%</u>	-	<u>58.03</u>	<u>73.2%</u>
Total, Unincorporated	24,529 (1)	100%	24,529	25.4%	-	61.41	77.5%
TOTAL	348,242 (1)	28%	96,760	100.0%	-	79.27	100.0%

(1) Source: Cal. Dept. of Finance, Report E-1: City/County Population Estimates 1/1/17

(2) Census, American Community Survey, 5-year

(3) County of Contra Costa GIS, 2017-07-27; land area only.

HEALTH NEEDS IN THE DISTRICT

A report prepared in 2013 by Contra Costa Health Services identified a number of health issues affecting communities within the District, where “rates of poverty, deaths from chronic diseases, and childhood overweight/obesity are similar to, or in some cases higher ...than the county as a whole.”⁶⁰ State data identifies health service shortfalls within the District’s boundaries. Population growth and demographic changes, and uncertain changes in healthcare funding create an imperative to maintain and improve healthcare services in the area. The following sections provide an overview of factors indicating health needs in the District.

⁶⁰ Health Indicators and Environmental Factors Related to Obesity for Antioch, Bay Point, and Pittsburg, Contra Costa Health Services, May 2013.

POPULATION GROWTH

As shown in prior **Table 1**, ABAG projects the City of Pittsburg, which includes 72 percent of the District’s population, to grow by about 1.6 percent annually. Over the period from 2015 through 2020, this rate of growth would increase the District’s population by about 4,400 residents. ABAG projects longer-term growth to continue, increasing the need for healthcare services accordingly; ABAG estimates, by 2040, the District’s resident population will grow by 36 percent compared to 2015.

DISADVANTAGED COMMUNITIES

The unincorporated communities of Clyde and Bay Point, and much of the City of Pittsburg, qualify as Disadvantaged Communities as shown in prior **Figure 2**.

MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

As described and mapped in **Appendix B**, OSHPD designates areas with different types of medical professional shortages.

No medically underserved areas exist within the LMCHD (see **Figure B-1**), and no Dental Health Professional Shortage Areas (see **Figure B-3**) exist within the District. Areas in Pittsburg and Bay Point are designated as Mental Health Professional Shortage Areas (see **Figure B-4**) and Primary Care Shortage Areas (see **Figure B-2**).

HEALTH NEEDS ASSESSMENTS

The Kaiser Foundation Hospital-Antioch 2016 Community Health Needs Assessment (CHNA) described and prioritized health issues within its service area, which includes Pittsburg and the LMCHD service area, as well as Antioch. The top two health category priorities included: 1) Economic Security; and 2) Obesity, Diabetes, Healthy Eating, and Active Living.

Although the District’s 2017 Health Profile does not reference the CHNA data and findings, many of its funded programs do address these issues. The District’s Strategic Plan also describes these issues; its updated 2017-2022 Strategic Plan references CHNA data.

OTHER STUDIES AND INDICATORS

In 2013, the County Health Services Department produced a report describing health issues related to obesity in the Antioch, Bay Point and Pittsburg areas.⁶¹ The report provided an impetus for the formation of the Healthy and Livable Pittsburg Collaborative which includes the LMCHD as a member. The Collaborative produced a Community Action Plan that includes, as described by the Collaborative, “five long-term outcomes focused on nutrition and health education, physical activity, community engagement, physical environment, and policy. Each long-term outcome includes activities and their expected intermediate outcomes that will lead to an improvement of the health status of Pittsburg residents.”⁶²

FACILITIES AND SERVICES IN THE DISTRICT

Figure 7 indicates the locations of medical facilities within and proximate to the District. While there are no acute care hospitals within the District, a number of major facilities exist in adjacent communities, as shown in prior **Figure 3**, “Hospitals in Contra Costa County”. In general, East County’s emergency stations are similar to County averages per capita. Within District boundaries are several clinics and healthcare centers, including the CCHS Pittsburg Health Center in the District’s building leased by the District to the County. Since 1998, the County has paid in excess of \$24 million for capital improvements to the Pittsburg Health Center.⁶³

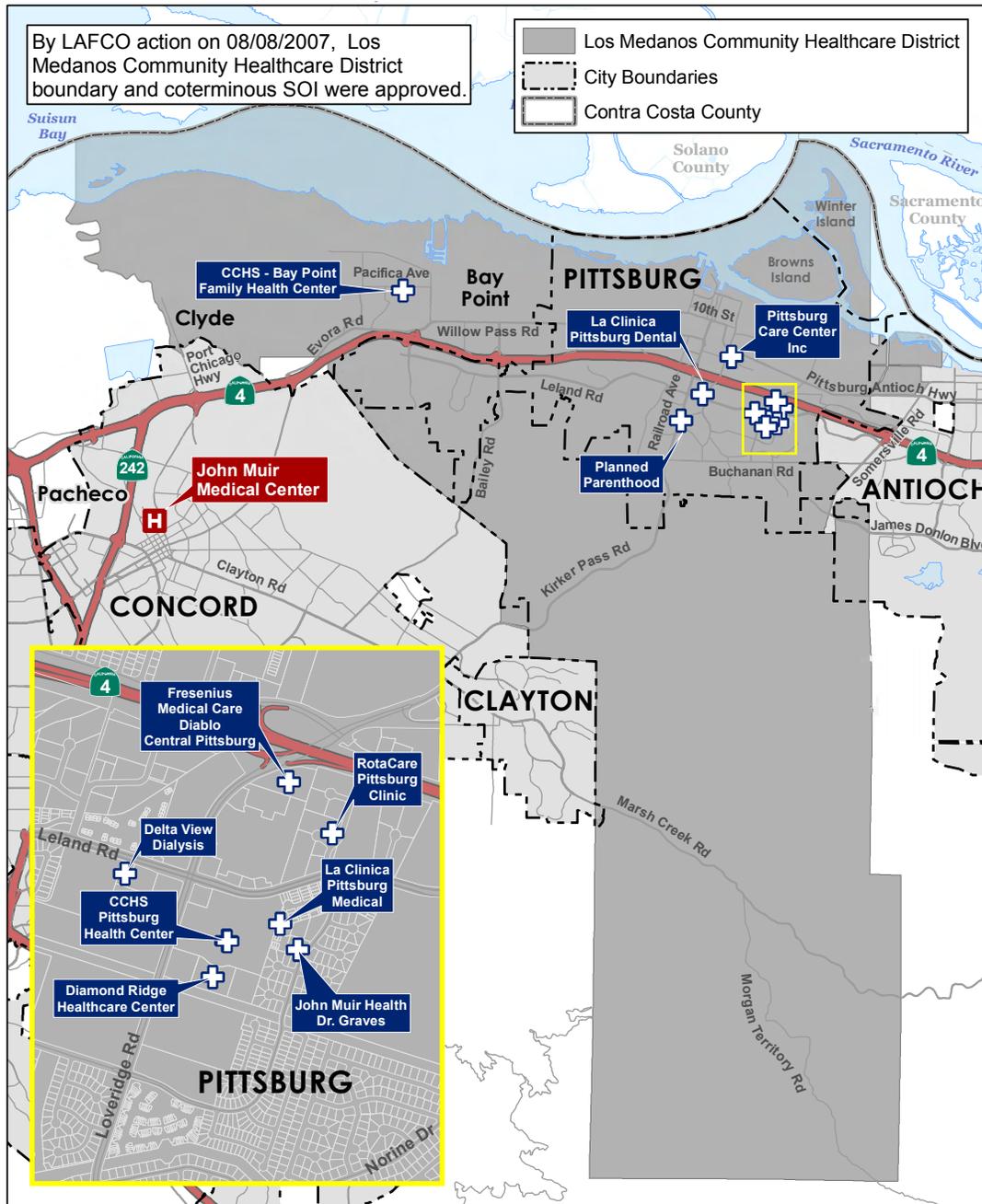
As previously noted, areas in Pittsburg and Bay Point are designated as Mental Health Professional Shortage Areas and Primary Care Shortage Areas.

⁶¹ Health Indicators and Environmental Factors Related to Obesity for Antioch, Bay Point, and Pittsburg, Contra Costa Health Services, May 2013.

⁶² The Healthy & Livable Pittsburg Collaborative Community Action Plan Summary.

⁶³ Board of Supervisors Resolution No. 2017/384, Dated November 7, 2017.

Figure 7 Health Care Facilities in the LMCHD



Map created 07/27/2017
 by Contra Costa County Department of
 Conservation and Development, GIS Group
 30 Mar Road, Martinez, CA 94553
 37:59:41.791N 122:07:03.756W

This map or dataset was created by the Contra Costa County Department of Conservation and Development with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.



LMCHD GOVERNANCE

Table 8 shows current Board membership. No contested elections are apparent for at least the past ten years. The District’s bylaws are posted on their website and were last revised in 2004.⁶⁴

Table 8 LMCHD Board Members

Position	Name	Term Began	Term Expires
President	Replacement to be appointed Dec. 11, 2017		
Vice President	Vern Cromartie	Elected Nov. 2004	Nov. 2020
Treasurer	Linda Strong	Elected Nov. 2010	Nov. 2018
Secretary	Arthur Fountain	Elected Nov. 2014	Nov. 2018
Board Member	Lloyd Lee Mason	Appointed July 2017	Nov. 2018

Source: LMCHD Response to LAFCO Data Request, Appx. L, rev'd. 11/29/17

The LMCHD is in the process of interviewing candidates to fill the position vacated by the former Board president Emmanuel Ogunleye. The District anticipates designating a replacement at its meeting in December 2017.

ACCOUNTABILITY

Public Outreach

The District healthcare needs are identified through organizational and online surveys, community outreach by the Executive Director, holding community meetings, and talking with community stakeholders.

The LMCHD Internship Program received the CSDA 2015 Exceptional Public Outreach and Advocacy Award on September 23, 2015.

⁶⁴ LMCHD Bylaws, Rev. 2/11/04. See website section: public info section/transparency docs <http://lmchd.org/php/misc.php>

Transparency

The Special District Leadership Foundation (SDLF) presented a “District Transparency Certificate of Excellence” to LMCHD in 2016;⁶⁵ this award required a broad range of documents and actions demonstrating that the District has met established criteria for governance “transparency”.

The District follows many of the policy and practices recommended by the SDLF, including:

- Board members attend Association of California Healthcare Districts (ACHD) and the California Special District Association (CSDA) for governance, ethics, financial practices, and leadership training. The Executive Director is a member of and has received training from the American College of Healthcare Executives.
- Statements of Interest Forms (FPPC form 700) are filed in the LMCHD office and with the clerk of the board. The LMCHD Conflict of Interest Code on its website.
- The District reported that it provides budget data annually to the State Controller’s Office,⁶⁶ although the data was provided late, according to the SCO.⁶⁷

A review of the District’s website⁶⁸ and other documents indicates that the District does not meet a number of SDLF criteria including (but not limited to):

- The District maintains a website; however, it includes information that is outdated and in some cases not well organized or difficult to find. The District indicated that it is in the process of “reviewing and updating its website to fix any broken links, eliminate outdated information, and provide recent board packets and minutes.”⁶⁹
- Information on the website regarding current officer and their terms is not accurate, e.g., terms are shown that are inconsistent with information in LAFCO’s Directory. The District is correcting this information.

The website includes important information, e.g., minutes of meetings, however in many cases the information is difficult to find. Other sections are not well-organized, e.g., important policies are placed in a location designated “transparency documents” rather than in a location that indicates the type of information.

⁶⁵ LMCHD response to LAFCO followup data request, 11/22/17.

⁶⁶ LMCHD response to LAFCO data request.

⁶⁷ According to an email received by R.Berkson from Cal. SCO 11/02/17, the LMCHD FY 2015-16 financial transactions report was received on 3/17/2017, which was late.

⁶⁸ <http://lmchd.org/>

⁶⁹ LMCHD response to LAFCO data request.

Finance and Human Resources Best Practices

The District adheres to many of the policies and procedures identified as “best practices” by the Special District Leadership Foundation (SDLF),⁷⁰ including:

- The Board receives and reviews reports on financial investments every month, including investments with the Local Agency Investment Fund (LAIF)
- The District regularly conducts training workshops for the Board for training purposes and planning
- Annual reviews occur of staff job descriptions and salaries, in accordance with the District’s Personnel Handbook
- The District has adopted the State Controller’s Office Internal Control Guidelines⁷¹
- A District committee periodically looks at internal control policy (the last review took place in March 2017)⁷²
- The District’s finance committee reviews revenues and expenditures monthly; expense receipts, subject to District policies, are submitted and reviewed by the Executive Director, and budget amounts are established annually for major expenditures
- Procurement policies dictate a competitive bid process and Board review

The District has established policies for the process of fund transfers between its investment account and its checking account.⁷³

Grant Process

The District provides grant applicants with guidelines for preparation of their submittal, review and follow-up.⁷⁴ The guidelines describe the District’s goals and require the applicant to specify the health needs that the grant-funded program will address.⁷⁵ Grant applications are reviewed

⁷⁰ Special District Leadership Foundation (SDLF), High Performing District Checklist, Finance and Human Resources.

⁷¹ See http://www.sco.ca.gov/Files-AUD/2015_internal_control_guidelines.pdf

⁷² LMCHD response to LAFCO data request.

⁷³ LMCHD Resolution No. 151108 Adopting the bank/investment account creation, access, and monitoring policy.

⁷⁴ Ibid, LMCHD Strategic Plan 2017-2022, Goal 1, Strategy 1.1, Action Step 4.

⁷⁵ See “LMCHD_2017_SummerHealthWellnessProgram_Application.pdf” for application form, and “LMCHD_2017_SummerHealthWellnessProgram_Guidelines.pdf” for grant requirements.

and scored at a Grants and Policy Committee Study Session,⁷⁶ then reported and approved at board meetings; funds are withheld if application requirements are not met (e.g., documentation of non-profit status; plan for use of funds). Interim and final reports are required by the District in a standardized format requesting description of outcomes.⁷⁷ Site visits are reported by the Executive Director at Board meetings.

LMCHD GOALS, POLICIES AND PLANS

LMCHD's Strategic, updated for 2017-2022, describes five goals, as well as strategies and specific actions to achieve the goals.⁷⁸ The Plan includes measurable outcomes to provide a means to assess the District's progress and accomplishments. The Plan originally was adopted in 2010 and revised in 2017 for submittal with comments on the Public Review Draft MSR. The revised document indicates it was adopted by the Board in December 2017, but the Plan is not available on the District's website as of December 2017 - the website continues to request feedback on its prior draft 2011-2016 Strategic Plan.

The Strategic Plan includes the following goals:⁷⁹

- Goal 1:** LMCHD will improve availability of and access to direct health services for all residents of the District, with a focus on reducing the District's health disparities.
- Goal 2:** LMCHD will support preventative and public health efforts that promote and protect the personal, community, and environmental well-being and health of District residents.
- Goal 3:** LMCHD will engage in population-specific efforts to address the needs of those residents in the District that are historically underserved or particularly impacted by health disparities.
- Goal 4:** LMCHD supports research and educational programming that moves the community towards improved and innovative practices.

⁷⁶ LMCHD response to LAFCO followup data request, 11/22/17.

⁷⁷ See "LMCHD_2016_FallHealthGrantFundingProgram.pdf" and "LMCHD_DPAC_final_report_form.pdf" for reporting forms.

⁷⁸ LMCHD Strategic Plan 2011-2016, Adopted October 2010, revised for 2017-2022 (adopted Dec. 2017).

⁷⁹ LMCHD Strategic Plan 2011-2016, Adopted October 2010, revised for 2017-2022 (adopted Dec. 2017).

Goal 5: LMCHD will work to establish solid, sustainable agency infrastructure components guided by fair and ethical governing principles and fiscally sound policies to ensure sufficient resources to achieve LMCHD's vision, mission, and strategic plan.

LMCHD's Community Health Programs and lease of its building for use as a health clinic help to meet these goals. The District's grant application materials require that applicants provide information about how the recipients' programs address these goals, and follow-materials require documentation of expenditures and persons served.

The District reports the nature of the programs funded and persons served, although in many cases, the persons served appear to represent the total for a program as a whole, not just a portion attributable to the District's assistance and share of program funding. Follow-up reports are not available on the District's website. As shown in **Appendix D**, the District reported about 20,000 persons served directly by its Fall 2016 and Summer 2017 programs. In Fall 2016, the District reported that its funds and programs indirectly benefited all District residents (approximately 100,000 residents) in 2014 and 2015 combined.

LMCHD SERVICES

The District allocates a share of its revenues to funding health-related grants and programs that further its Strategic Plan goals. The District leases its former hospital building to the County of Contra Costa for use as the Pittsburg Health Center. The following sections further describe these services.

COMMUNITY HEALTH PROGRAMS

Table 9 describes community health programs funded by LMCHD property tax revenues, documented in the District's most recent financial report (FY15-16). **Appendix D** includes descriptions of recent grants and other program funding for the Fall of 2016 and Summer 2017. The lists include a total of 28 programs with grants generally ranging from \$5,000 to \$10,000 with some exceptions as shown.

The LMCHD grants provide funding to a range of local, community-based organizations that provide, in many cases, services unavailable from the County or other healthcare providers. For example, grants fund services that provide rides to seniors and others unable to get to medical appointments; free clinic services focusing on homeless populations; recreation programs for youth to provide healthy alternatives; neighborhood gardens furnishing healthy, organic vegetables to improve nutrition and reduce obesity; programs to provide eyeglasses to students who would otherwise have vision difficulties that limit academic advancement. **Appendix D** describes other examples whereby the District is able to respond to unique community needs with funding for programs otherwise unable to obtain grants from other sources.

Table 9 Summary of LMCHD FY15-16 Grants

Agency/Program	FY 2015/16
Student Eyeglasses Program	\$7,750
Youth Intern Program	\$4,682
African American Community Baby Shower	\$10,000
District Programs and Activities Committee	\$851
CPR/FAST	\$8,980
Pittsburg Swim Academy	\$20,900
Supervisor Glover’s Youth Summit	\$10,000
St. Vincent de Paul RotaCare	\$30,000
Health and Wellness Fall Allocation	\$85,988
Health and Wellness Summer Allocation	\$75,359
Board Community Benefit Fund	\$10,300
Community Garden	\$3,759
TOTAL FUNDING	\$268,569

Source: LMCHD Annual Financial Report, June 30, 2016, Note 6 pg. 28

As shown below in **Table 10**, LMCHD’s Community Funding has generally increased since FY12-13. However, the funding has declined as a percent of total property tax revenues from about 49% down to a projected 42% in FY17-18.

Table 10 Summary of LMCHD Grants as a % of General Fund Revenues

Item	FY12-13	FY13-14	FY14-15	FY15-16	Budget* FY16-17	Budget* FY17-18
Community Funding	\$327,404	\$291,216	\$216,018	\$278,149	\$333,875	\$397,875
Outreach, Program Development & Admin.	<u>17,555</u>	<u>88,322</u>	<u>87,044</u>	<u>60,527</u>	<u>31,500</u>	<u>14,000</u>
Total	\$344,959	\$379,538	\$303,062	\$338,676	\$365,375	\$411,875
% of General Fund Revenues	49%	48%	35%	35%	40%	42%

Source: LMCHD Financial Reports and Budgets. FY15-16 from Table 9, above.

* Budget estimates do not include admin. allocation (approx. \$41,400 in FY15-16).

The LMCHD website lists awards that it has received in recent years, including:

- CSDA 2014 Innovative Program of the Year Small District Award "Summer Intern Program".
- Contra Costa Board of Supervisors-- Federal Glover Certificate of Recognition LMCHD Community Garden 2014 Contra Costa Leadership Sustainability Award.
- California State Senate Mark DeSaulnier Certificate of Recognition "LMCHD Community Garden" Leadership in Sustainability Award Finalist.
- California State Assembly --Susan Bonilla Certificate of Recognition 2014 Contra Costa Leadership in Sustainability Award Finalist.

COORDINATION WITH OTHER PROVIDERS

- Through its grants and programs, the District helps to fund about 30 community agencies.
- The District's Health Profile utilizes County-generated information about health needs, however, much of the data is five to ten years old.
- The District participates in the Healthy and Livable Pittsburg Collaborative (HLPC), a collaboration of multiple agencies and service providers.
- The District indicated that it coordinates with a number of agencies including Contra Costa County Public Health for data, school districts, Kaiser Permanente, the City of Pittsburg Police Department, and other community agencies funded by the District.⁸⁰

LMCHD PROPERTY

The District leases its former hospital building at 2311 Loveridge Road to the County of Contra Costa for its use as the Pittsburg Health Center. The building is 130,900 square feet; District offices are adjacent to the building.

The number and type of services of the Pittsburg Health Center include "Women, Infants and Children (WIC), immunizations, labs, new exam rooms."⁸¹ The District notes that it encourages its "other service providers, Reading Advantage Smart Baby Program, Community Forums, and Center for Human Development to collaborate with the Pittsburg Health Center."⁸²

⁸⁰ LMCHD response to LAFCO Data Request, Question 2A.

⁸¹ LMCHD response to LAFCO Data Request. For more information about the clinic, see <https://cchealth.org/centers/pittsburg.php>

⁸² *ibid*, LMCHD response to LAFCO Data Request.

The County of Contra Costa pays the District \$100,000 per year for the use of the District's former hospital building, in accordance with the lease negotiated during the bankruptcy settlement process.⁸³ The initial lease term expires July 31, 2018; lease extension and payments are being negotiated. The County has the responsibility for maintenance and repair of the building as required by its lease with the District.⁸⁴

The last estimate of the building's fair market value was \$9,450,000, according to a CBRE appraisal dated May 17, 2011.⁸⁵ The LMCHD audit report for FY15-16 reported a depreciated value for the land and building of \$2.47 million. The audit report does not appear to include the reported \$24 million of capital improvements to the Health Center funded by the County.⁸⁶

The 2007 MSR described LMCHD plans for building improvements. According to the District "The renovation of the building is 95% complete... There are new completed improvements include modification of the entrance to the LMCHD office from the hospital, ADA ramp installation, LMCHD signs, and ADA parking lot renovations."⁸⁷ The District funded an initial ADA study from its General Fund, then improvements were funded by the County.⁸⁸

The District has no Capital Improvement Plan or facility plan providing assessments of building conditions. At its October 2017 meeting, the District's Finance Committee discussed creation of a capital reserve policy.⁸⁹ The County is contractually responsible for maintaining and/or making improvements to the building.⁹⁰

⁸³ Lease, Los Medanos Community Hospital District to Contra Costa County for 2311 Loveridge Road, Pittsburg, California, 7/15/98.

⁸⁴ Lease, LMCHD to Contra Costa County for 2311 Loveridge Road, Pittsburg, California, effective Aug. 1, 1998, Sec. A.7.

⁸⁵ LMCHD response to LAFCO Request for Information.

⁸⁶ Amount of capital improvements since 1998 according to the County of Contra Costa, Resolution No. 2017/384.

⁸⁷ LMCHD response to LAFCO Request for Information.

⁸⁸ LMCHD response to LAFCO followup Request for Information, 11/22/17.

⁸⁹ LMCHD Finance Committee Agenda, Oct. 23, 2017.

⁹⁰ LMCHD response to LAFCO Request for Information (see the Lease Agreement page 8 Section F).

LMCHD FINANCES

As shown in **Table 11**, the District spent about 35 percent of its annual General Fund revenues for community health programs in FY2015-16. About 36 percent of total General Fund revenues are expended for overhead and district administration (not including community health program administration and outreach); no election expense was incurred in that year. Interest and depreciation, a non-cash expense of about \$160,000 is included in "business-type activities" operating expenses. The district administrative cost factor would be about 33 percent as a share of total General Fund and business activity revenue after adding \$100,000 of lease revenue.

The positive cash flows suggest the District could increase community health program funding, but reserves will be needed to pay for increased payment obligations to OSHPD in future years.

Table 11 Summary of LMCHD Revenues and Expenditures (FY2015-16)

Item	Gen. Fund Actual FY 2015/16	% of Rev.	Business-type Activities	TOTAL	% of Rev.
Beginning Balance (1)	\$1,322,246		\$1,552,785	\$2,875,031	
Revenues (2)					
Property Tax	\$871,328	91%	\$0	\$871,328	
Charges for Services			\$100,000		
Other	<u>89,002</u>	<u>9%</u>	<u>0</u>	<u>89,002</u>	
Total Revenues	\$960,330	100%	\$100,000	\$1,060,330	100%
Expenditures (2)					
Salaries and Benefits	\$140,720			\$140,720	
Board Stipend	\$24,977			24,977	
Board Election	\$0			0	
Services and Supplies	<u>179,822</u>			<u>179,822</u>	
Subtotal (3)	\$345,519	36%	\$241,289	\$586,808	55%
<u>Community Health Programs</u>					
Community Funding	278,149	29%		\$278,149	
Outreach and Program Development	19,118	2%		19,118	
Program Administration	<u>41,409</u>	<u>4%</u>		<u>41,409</u>	
Subtotal	\$338,676	35%		\$338,676	32%
Total Expenditures	\$684,195		\$241,289	\$925,484	
Net Change (to beginning balance)	\$276,135	29%	(\$141,289)	\$134,846	13%
Transfer	(\$17,150)		17,150	0	
Ending Balance (4)	\$1,581,231		\$1,428,646	\$3,009,877	

(1) LMCHD Annual Financial Report, June 30, 2016, Statement of Activities, pg. 13, 16 w/prior yr adjustment.

(2) ibid, Financial Report, pg. 30.

(3) "Business-type Activities" expenditures include interest to OSHPD, depreciation, and misc. bldg. expenses.

(4) Minor additional reconciliation req'd in the audit for GAAP vs. budget accounting. 10/6/17

BUDGET FORECAST

The District's budget does not allocate personnel costs to Community Health Program administration. The allocation is included in independent financial reports prepared following the end of each fiscal year. To compare the FY17-18 budget cost factors to prior financial reports, the following discussion illustrates the shift of personnel costs to Community Health Program administration.⁹¹ The impact of administering "business-type" activities, namely the lease of the clinic building on the district administrative cost factor, is indicated by comparing district administrative costs to total revenues including lease revenues.

It is important to note that administrative cost factors vary year-to-year, and actual costs shown in financial audits will differ from budgeted amounts. For example, the District has commented that FY17-18 includes an increase in legal costs due to lease negotiations.⁹² Assuming the lease is resolved, legal costs should be lower in subsequent years. However, District elections could add as much as \$70,000 to future budgets. This MSR does not make any assumptions about future lease revenue, or its imputed value.

As shown in **Table 12a**, the District's FY17-18 budget projects an annual net cash flow for both of its funds combined of \$52,450⁹³ and increased Community Health Program funding totaling \$411,875, or about 42 percent of General Fund revenues. If a share of personnel cost is allocated from district administration to Community Health Program administration, similar to financial statements for FY2015-16, total Community Health Program spending would represent about 46 percent of General Fund revenues as estimated in **Table 12b**.

Total budgeted administrative expenses account for about 51 percent of total General Fund revenues in **Table 12a**. This district administrative cost factor would be about 43 percent if the County lease payment is included in total revenues, and after a share of personnel costs are allocated from district administration to Community Health Program administration as shown in **Table 12b**. If lease revenue from the clinic increases above its current \$100,000 annually, assuming other costs and revenues remain relatively constant, the cost factor would be

⁹¹ For MSR analysis purposes, \$40,000 in personnel costs are shifted in the FY17-18 total personnel budget to Community Health Program administration, based on the FY15-16 financial statements. Actual allocations will depend on decisions during the year by the Board and staff.

⁹² Letter from Godfrey Wilson, LMCHD Executive Director, to Richard Berkson, December 29, 2017.

⁹³ Los Medanos Community Healthcare District 2017-2018 Budget, 6/22/2017.

proportionately lower. Prior to 2026, any increase in lease revenues will pass-through to the State, and will not be available for District expenditures.

In FY2018-19 and the following year, budget outlays will increase by \$400,000 pursuant to the Bankruptcy Settlement Agreement payments to OSHPD. Unless lease revenues from the County increase above the current \$100,000 annually, the District will need to do some combination of the following: 1) draw down reserves by as much as \$300,000 to \$400,000 annually for each of the two years; 2) reduce expenditures for Community Health Program funding.

In FY2020-21 and subsequent years, the \$400,000 additional annual payment is no longer applicable, and payments are limited to lease revenues similar to current terms. After the OSHPD obligation is fulfilled January 1, 2026, lease revenues (currently \$100,000 annually) will accrue to the District.



Table 12a Summary of LMCHD Budgets (FY2016-17, FY2017-18)

Item	FY 2016/17 (1)			FY 2017/18 (2)		
	Gen. Fund Budget	% of Rev.	Business Activities	Gen. Fund Budget	% of Rev.	Business Activities
Revenues						
Property Tax	\$905,572	99%	\$0	975,758	98%	
Charges for Services			\$100,000			\$100,000
Other Property Tax-related		0%			0%	
Misc.	<u>4,600</u>	<u>1%</u>		<u>16,000</u>	<u>2%</u>	
Total Revenues	\$910,172	100%	\$100,000	\$991,758	100%	\$100,000
Expenditures						
Salaries and Benefits	\$214,400			\$258,100		
Board Stipend	24,000			24,000		
Board Election	71,316			0		
Services and Supplies	58,600			58,350		
County Fees/District Dues	22,600			23,600		
Insurance	36,500			36,500		
Legal Services	50,000			60,000		
Office Expenses	30,200			34,148		
Seminars/Travel	<u>14,000</u>			<u>15,000</u>		
Subtotal (3)	\$521,616	57%	\$123,100	\$509,698	51%	\$117,735
<u>Community Health Programs</u>						
Community Funding	333,875	37%		397,875	40%	
Outreach & Program Dev.	31,500	3%		14,000	1%	
Program Administration	<u>na</u>			<u>na</u>		
Subtotal	\$365,375	40%		\$411,875	42%	
Total Expenditures	\$886,991	97%	\$123,100	\$921,573	93%	\$117,735
Revenues Less Expenditures	\$23,181		(\$23,100)	\$70,185		(\$17,735)
Transfer	(\$23,100)	3%	\$23,100	(\$58,135)		\$58,135
Net Change after Transfer	\$81		\$0	\$12,050		\$40,400

(1) LMCHD 2016-2017 Adopted Budget.

(2) LMCHD 2017-2018 Adopted Budget, 06/22/2017.

(3) "Business Type" activity expenditures include debt (P&I), security, repairs/maint. (landscape), and property taxes. Depreciation is not included.

Note: the sum of certain items may not match totals due to rounding.

12/31/17

**Table 12b Summary of LMCHD Budgets (FY2016-17, FY2017-18) - ADJUSTED**

Item	FY 2016/17 (1)			FY 2017/18 (2)		
	Gen. Fund Budget	% of Rev.	Business Activities	Gen. Fund Budget	% of Rev.	Business Activities
Revenues						
Property Tax	\$905,572	99%	\$0	975,758	98%	
Charges for Services			\$100,000			\$100,000
Other Property Tax-related		0%			0%	
Misc.	<u>4,600</u>	<u>1%</u>		<u>16,000</u>	<u>2%</u>	
Total Revenues	\$910,172	100%	\$100,000	\$991,758	100%	\$100,000
Expenditures						
Salaries and Benefits (4)	\$174,400			\$218,100		
Board Stipend	24,000			24,000		
Board Election	71,316			0		
Services and Supplies	58,600			58,350		
County Fees/District Dues	22,600			23,600		
Insurance	36,500			36,500		
Legal Services	50,000			60,000		
Office Expenses	30,200			34,148		
Seminars/Travel	<u>14,000</u>			<u>15,000</u>		
Subtotal (3)	\$481,616	53%	\$123,100	\$469,698	47%	\$117,735
		48%	inc. lease rev.		43%	inc. lease rev.
<u>Community Health Programs</u>						
Community Funding	333,875	37%		397,875	40%	
Outreach & Program Dev.	31,500	3%		14,000	1%	
Program Administration (4)	<u>40,000</u>	4%		<u>40,000</u>	4%	
Subtotal	\$405,375	45%		\$451,875	46%	
Total Expenditures	\$886,991	97%	\$123,100	\$921,573	93%	\$117,735
Revenues Less Expenditures	\$23,181		(\$23,100)	\$70,185		(\$17,735)
Transfer	(\$23,100)	3%	\$23,100	(\$58,135)		\$58,135
Net Change after Transfer	\$81		\$0	\$12,050		\$40,400

(1) LMCHD 2016-2017 Adopted Budget.

(2) LMCHD 2017-2018 Adopted Budget, 06/22/2017.

(3) "Business Type" activity expenditures include debt (P&I), security, repairs/maint. (landscape), and property taxes. Depreciation is not included.

(4) Personnel costs and Community Health Programs costs adjusted \$40,000 vs. adopted budget.

Note: the sum of certain items may not match totals due to rounding.

12/31/17

LMCHD REVENUES

PROPERTY TAX

Over 90 percent of the District’s annual revenues derive from its share of property taxes paid within the district boundaries, generated by assessed value shown in **Table 13**. In FY16-17 property taxes totaled nearly \$1 million. This revenue grows with improvements in real estate values, depending on how many properties sell and are re-assessed at market value, and/or the amount and value of new development. The District receives a small amount of property tax pass-throughs from former redevelopment project areas that continue to retain tax increment to repay debt.⁹⁴

Table 13 Summary of Assessed Value within the LMCHD Boundaries

Area	Total A.V. Total City or Community (1)	District Assessed Value (1)		
		%	\$	% Dist.
<u>INCORPORATED</u>				
Pittsburg	\$5,984,286,726	100%	\$5,983,988,937	76.0%
Antioch	9,895,423,599	4%	355,310,495	4.5%
Clayton	2,118,878,268	1%	18,556,388	0.2%
Concord	<u>15,009,077,656</u>	0.2%	<u>34,251,052</u>	<u>0.4%</u>
Total, Incorporated	\$33,007,666,249	19%	\$6,392,106,872	81.2%
<u>UNINCORPORATED</u>				
Bay Point				
Clyde				
Other Unincorporated				
Total, Unincorporated			\$1,478,812,538	18.8%
TOTAL			\$7,870,919,410	100.0%

(1) Source: Contra Costa County Assessor, 2017-18 Total A.V.

10/16/17

OTHER REVENUES

The County of Contra Costa pays the District \$100,000 per year for the use of the District’s former hospital building, in accordance with the lease negotiated during the bankruptcy

⁹⁴ Debts of the former County and City of Pittsburg redevelopment areas are not anticipated to be satisfied until 2036 and 2037, respectively (from the LMCHD response to LAFCO's followup data request, 11/22/17).

settlement process.⁹⁵ However, currently the entire amount is committed to OSHPD in repayment of the District's bankruptcy debt default. The initial term of the lease agreement ends July 31, 2018; the County has the right to exercise two 5-year extensions with base rent to be negotiated.

LMCHD EXPENDITURES

OVERHEAD AND ADMINISTRATION

The FY15-16 financial report (see prior **Table 11**) showed administrative costs totaling \$345,500 or about 36% of total General Fund revenues. Staff costs include payroll taxes and worker's compensation insurance; no benefits are provided. Board members are paid \$100 per meeting (maximum \$400 per month).

The FY17-18 budget reported in **Table 12a** shows \$509,698 of total administrative expenditures, including staff costs that may subsequently be allocated to Community Health Programs. This administrative cost represents about 51% of total General Fund revenues. However, the budget does not distinguish personnel costs attributable to Community Health Program administration, as is the case with FY2015-16 audited reports. If a share of personnel cost is shifted from district administration to programs, the administrative cost factor would be reduced. Comparing the adjusted administrative costs to total revenues, including \$100,000 of lease revenues, the cost factor would be 43 percent in the FY2-017-18 budget as indicated in **Table 12b**.

The allocations to overhead are high, as they represent over 40 percent of revenues. The amounts budgeted for community health programs and grants represent less than half of revenues. By comparison, the CPHHCD allocates about 20 percent of revenues to overhead and administration. Federal grant programs default to 10 percent, although negotiated rates plus direct administration costs can significantly exceed these default rates. As another example, although on a different scale, the Contra Costa County budget shows expenditure of \$7.5 million for "Public Health Administration and Financial Management" out of \$50-\$70 mill total budget public health budget, or about 10 percent to 15 percent of the total budget.⁹⁶ Other points of comparison include: Peninsula Health Care District's overhead was approximately 23 percent of

⁹⁵ Lease, Los Medanos Community Hospital District to Contra Costa County for 2311 Loveridge Road, Pittsburg, California, 7/15/98.

⁹⁶ County of Contra Costa FY 2017-2018 Recommended Budget, Health and Human Services, FY17 actual and FY18 recommended.

its expenditures for healthcare programs and grants;⁹⁷ the Eden Township Healthcare District budgeted about 15 percent of its community services budget for administrative and overhead costs.⁹⁸

Table 14 shows staff positions reported to the State Controllers Office. The FY17-18 budgeted staff expense increase compared to FY15-16 reflects the 2016 filling of the temporarily vacant CEO position, and the addition of one staff person.

Table 14 Summary of LMCHD Positions and Salaries, 2016 vs. FY17-18 Total

Administrative Position	Amount (1)
CEO	\$87,273
Secretary To Board Of Directors	54,160
Staff To Board Of Directors	39,194
Custodian	<u>3,340</u>
Total	\$183,967
FY17-18 Budget for Total Salaries (2)	\$234,000
Change since 2016	27%

1) Source: Government Compensation in California
Cal. Controllers Office, 2016, <http://publicpay.ca.gov/Reports>

2) FY17-18 Budget, 6/30/18 (excludes Workers Comp and Payroll Taxes).

In addition to the staff listed in **Table 14** above, the District in FY17-18 is contracting for other services including auditing services (\$9,000), accounting/bookkeeping (\$24,000), and legal services (\$60,000).

COMMUNITY HEALTH PROGRAMS

The District’s financial reports for FY15-16 show approximately \$340,000 expended for Community Health Programs. These expenditures include the following:

- **Community Funding** – funds provided directly to service providers.

⁹⁷ Draft MSR for the Sequoia Healthcare District, March 15, 2017, Table 25, FY17.

⁹⁸ Final Report, ETHD Special Study, March 13, 2017.

- **Outreach and Program Development** -- direct expenses the District incurs in communicating with the community to develop new programs or refine existing ones. This category includes a grant writing contract, and expenses related to a community garden program.
- **Program Administration** -- the cost of the time devoted by the District's employees to the Community Benefit Program (grant administration).

The District indicates that the latter two categories of expenditures “are important to enabling the District to further the Community Benefit Program.”⁹⁹

OTHER EXPENDITURES

OSHPD

As required by the Settlement Agreement following District Bankruptcy, the District assigned to OSHPD all rent from the lease of the District’s former hospital building lease to the County. This requirement applies during the initial lease term through July 31, 2018. During the initial lease term, lease payments are \$100,000 annually and are paid by the County directly to OSHPD.

For two years beginning August 1, 2018 the District’s OSHPD obligation will be \$500,000 annually regardless of the amount of lease revenue collected. From August 1, 2020 through January 1, 2026 the obligation will require transfer of all rental income.

Enterprise Fund

Although the County transfers lease payments directly to OSHPD, the lease revenue and its expenditure to OSHPD are shown in the District’s balance sheet and budget.

The District’s financial reports report \$159,954 depreciation expense in FY15-16. Additional expenses include \$66,199 interest portion of the \$100,000 due to OSHPD. The balance of the \$100,000 payment to OSHPD, or \$33,801, represents a payment against the balance due to OSHPD for District Bankruptcy obligations. Additional expenses total \$17,150 for taxes and property expenses. Property insurance for the former hospital building is maintained by the County as required by the property lease.

The Enterprise Fund also pays for certain minor expenses related to its former hospital building which are not otherwise the responsibility of the County.¹⁰⁰ Expenses include, for example, security and landscaping.

⁹⁹ LMCHD response to LAFCO data request, question 9B.

LMCHD ASSETS AND LIABILITIES

ASSETS

According to the District’s most current audit, the District’s assets totaled \$4.2 million at the end of June 30, 2016.¹⁰¹ About half of the total assets, or \$2.47 million, consists of the depreciated capital asset value of the former hospital building and its land value. Unrestricted assets total \$1.67 million.

LIABILITIES

The District’s FY15-16 audit reports total liabilities of \$1,096,512 primarily consisting of the remaining principal balance due of \$948,651 on its obligation to OSHPD arising from the District’s bankruptcy.¹⁰² The District’s current amortization schedule indicates that the principal balance remaining as of August 2017 was \$768,463.¹⁰³ OSHPD’s original bankruptcy claim secured by the rents from the former hospital building was \$1.4 million, which was addressed in the agreement with LMCHD to assigned rental payments from the former hospital facility. The payment obligations are as follows:

08/01/1998 – 07/31/2018	\$100,000 per year
08/01/2018 – 07/31/2020	\$500,000 per year, minimum, regardless of the amount of rent actually paid/collected
08/01/2020 – 01/31/2026	all rental income, if any

Interest accrues on OSHPD obligation outstanding principal balances at an interest rate of 6.5 percent annually.¹⁰⁴

¹⁰⁰ Under the terms of the lease with the District the County pays all costs of maintenance, repair and alterations to the facility. It has spent more than \$24 million for capital improvements to the property since 1998.

¹⁰¹ LMCHD Annual Financial Report, June 30, 2016, Statement of Net Position, pg. 9.

¹⁰² LMCHD Annual Financial Report, June 30, 2016, Statement of Net Position, pg. 9.

¹⁰³ Current amortization schedule received in LMCHD’s response to LAFCO’s followup data request.

¹⁰⁴ LMCHD Annual Financial Report, June 30, 2016, Note 5 pg. 26 re: Settlement Agreement.

RESERVE POLICIES

LMCHD’s financial policies require that “LMCHD will maintain an economic uncertainty reserve of at least 3% of total General Fund operating expenditures (including other financing).”¹⁰⁵ The District’s unrestricted balance exceeds this policy level, which would require approximately \$25,000 of reserves.

At its October 2017 meeting, the District’s Finance Committee discussed creation of a capital reserve policy.¹⁰⁶

The District has adopted no other reserve policies.

LMCHD ORGANIZATIONAL ISSUES AND OPTIONS

- **Maintain the Status Quo** -- The current District would remain intact, and the Board of Directors would continue to be an elected governing body and conduct District business.¹⁰⁷ In the near-term (e.g., next two years), increased OSHPD payment obligations could reduce net funds available for Community Health Programs. Currently the District spends about \$340,000 annually, or one-third of annual revenues, for community funding, outreach and program development, and program administration. After the OSHPD obligation is retired in 2026, funds currently paid to OSHPD will thereafter become available for Community Health Programs. The total amount available will change if the District renegotiates its lease agreement with the County.
- **Dissolution with Appointment of Successor for Winding-up Affairs** -- Dissolution would eliminate the LMCHD as a special district in Contra Costa County. On November 16, 2017, Contra Costa County submitted an application to LAFCO asking the Commission to consider dissolving the LMCHD. If dissolution is approved, LAFCO would appoint a successor agency to wind up the affairs of the LMCHD and manage the liquidation and distribution of assets and satisfaction of District obligations.¹⁰⁸ The future use of the District's former hospital

¹⁰⁵ See LMCHD website section /Public Info/Transparency Docs/AccountingPoliciesProcedures.pdf.

¹⁰⁶ LMCHD Finance Committee Agenda, Oct. 23, 2017.

¹⁰⁷ The governing body of a healthcare district is an elective office, but if there are fewer candidates than vacancies, or if only one person files a declaration of candidacy, the Board of Supervisors makes the appointment. Health and Safety Code, Sec. 32100, Elections Code, Sec. 10515. A district-wide general election is estimated to cost approximately \$40,000 (Registrar of Voters, 11/21/17).

¹⁰⁸ AB 2910 amended Government Code , section 57077.1, effective January 1, 2017, to make significant changes to the law governing the dissolution of a hospital (healthcare) district. If dissolution is consistent with a prior action of the Commission pursuant to Government Code, sections 56378 (special

building and land would no longer be under the control of the District or dedicated to healthcare purposes in perpetuity unless dictated by LAFCO terms and conditions. Current District property tax revenues would be distributed to other taxing entities within the same Tax Rate Area, unless the County otherwise dedicates the revenue to specific purposes as directed by LAFCO terms.

- **Reorganization with Creation of a New District (CSA) to Continue Services** -- LAFCO has the ability to create a CSA to continue service provision. The District's assets could be liquidated or transferred to another agency. Other LAFCO Terms and Conditions could include 1) creation of an advisory board comprised of city, county and public representatives; 2) limitation on expenditure of funds to within the boundaries of the LMCHD; 3) disposition of assets, which may include transfer of the former LMCHD hospital building to the County.

The County Board of Supervisors would serve as the governing body of the CSA. Creating a new CSA dependent upon the County requires approval of the cities within the LMCHD service area and approval of the voters.¹⁰⁹

- **Reorganize LMCHD as Subsidiary District** -- In the case of a subsidiary district, the district is not extinguished, but rather is reorganized with a city council sitting as the governing body.¹¹⁰ Creating a subsidiary district would require that the LCMHD boundaries be reduced such that 70% of land area and registered voters of the subsidiary district fall within the boundaries of the city. Excluding much of the current sparsely populated unincorporated areas, with the exception of Bay Point and Clyde which could be retained in the subsidiary district, would achieve this minimum 70 percent. Reductions to exclude the small portions of Antioch, Clayton and Concord currently within LCMHD boundaries, totaling about 2.5 percent of District population, would also help to achieve this standard. District property tax revenues could be reduced about 24 percent.

Viability of this option depends on the willingness and ability of the City of Pittsburg to manage LMCHD as a subsidiary district, including continuation of community health programs and ownership of the former LMCHD hospital building if it is not otherwise

study) 56425 (sphere change) or 56430 (municipal service review), the Commission may immediately order a dissolution initiated by the district board without an election or protest proceedings. If the dissolution is initiated by an affected local agency, by the Commission, or by petition, unless there is a majority protest the Commission may order the dissolution after holding at least one noticed public hearing, and after conducting protest proceedings (Gov. Code, § 57077.1(c).

¹⁰⁹ See pages 31-33 of the December 14, 2016 Special Study of Governance Options, West Contra Costa Healthcare District prepared by Berkson Associates, for a detailed discussion of the steps involved in creating a new CSA.

¹¹⁰ State law requires that a healthcare district have its own Board of Directors, which raises questions about reorganizing a healthcare district as a subsidiary district. However, the Mt. Diablo Healthcare District was successfully reorganized as a subsidiary district to the City of Concord.

transferred to the County. Cost savings are likely, as demonstrated by the successful transition of the Mt. Diablo Healthcare District into a subsidiary district of Concord.

- **Consolidation with Another Healthcare District** – Neither of the other two healthcare districts in the County represent viable candidates for consolidation. The WCCHD recently emerged from bankruptcy, and the CPHHCD is a subsidiary district to the City of Concord. This option is not considered viable.
- **Consolidation with County Service Area EM-1** – This option was reviewed in LAFCO’s special study of the WCCHD and not pursued due to the County’s concerns and lack of interest in the option. Therefore, this option was not pursued in the current review of LMCHD options.
- **Special Legislation** – This option was initiated by the County to provide a viable and cost-effective governance structure for the WCCHD as it emerges from Chapter 9 bankruptcy and embarks on a long period of debt repayment. This type of special legislation could be initiated by the District or the County. Neither agency has signaled an interest in pursuing this option in relation to the LMCHD.

6. WEST CONTRA COSTA HEALTHCARE DISTRICT (WCCHD)

Figure 8 shows the boundaries of the District. The WCCHD serves 262,000 residents, nearly half of which reside in Richmond.

As described in LAFCO's 2016 Special Study of WCCHD prepared by LAFCO,¹¹¹ this district struggled financially beginning in the mid-1990's,¹¹² experiencing increasing costs, declining reimbursements, and growing service demand from low-income populations - the uninsured and underinsured. Although the District emerged from a 2006 bankruptcy, it never managed to regain financial solvency and fell further into debt. Eventually, in 2015, the District shut its hospital, a full-service acute care facility. The closure resulted in a significant loss of hospital beds and emergency department facilities, as well as the elimination of other specialized services, in an underserved community with significant healthcare needs.

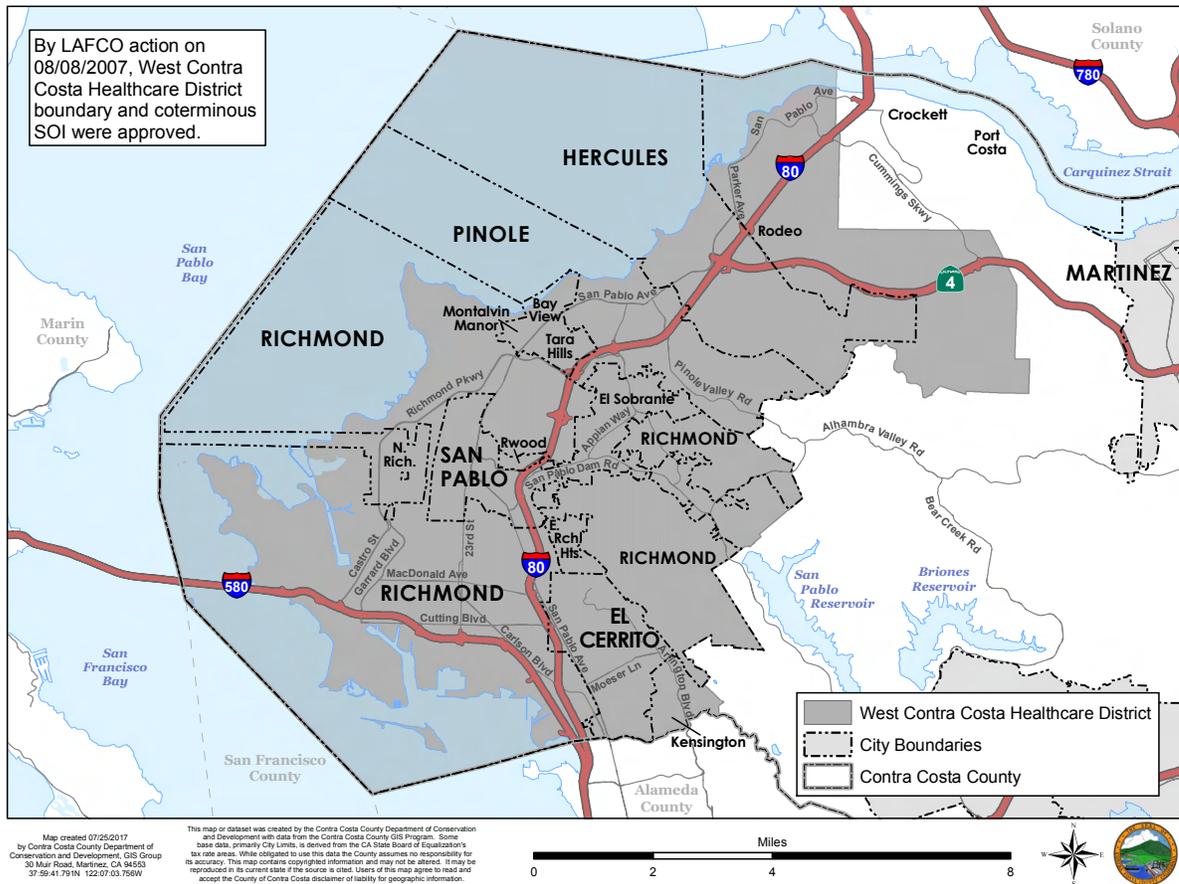
After WCCHD failed in its initial efforts to save its closed hospital, the District announced it had "little choice but to file bankruptcy... With no chance to bring in revenue in the short term to cover existing District expenses, such as worker compensation claims and medical record storage, the District Board voted unanimously to file for bankruptcy to allow for the orderly disposition of remaining financial obligations, including those owed to past District employees and vendors."¹¹³ The District unanimously approved a resolution declaring a fiscal emergency and authorizing the filing of Chapter 9 proceedings at its board meeting October 19, 2016.

¹¹¹ Special Study of Governance Options - West Contra Costa Healthcare District, prepared for the Contra Costa Local Agency Formation Commission by Berkson Associates, accepted by LAFCO 12/14/16.

¹¹² Impact Evaluation Report: Doctors Medical Center San Pablo Potential Closure of Emergency Services, Prepared by the Contra Costa Emergency Medical Services Agency, June 13, 2014

¹¹³ Press release issued by WCCHD, 10/20/16.

Figure 8 WCCHD Boundaries



About 81 percent of the District’s 265,000 residents reside in incorporated communities, as summarized in **Table 15**. The City of Richmond is the largest city within the District and accounts for 43 percent of District residents.

Table 15 Summary of Population and Area within the WCCHD Boundaries

Area	Population		District Population (2)(3)		Area (sq.miles)		
	Total City or Community (1)	%	Residents	% Dist.	Total City or Community	District Area (3) Sq. Miles	% Dist.
<u>INCORPORATED</u>							
Richmond	111,785 (1)	100%	111,785	42.7%	30.00	30.00	44.1%
El Cerrito	24,600 (1)	100%	24,600	9.4%	3.90	3.90	5.7%
Hercules	25,675 (1)	100%	25,675	9.8%	8.10	8.10	11.9%
Pinole	18,975 (1)	100%	18,975	7.2%	11.60	11.60	17.0%
San Pablo	<u>31,053</u> (1)	100%	31,053	<u>11.9%</u>	<u>2.50</u>	<u>2.50</u>	<u>3.7%</u>
Total, Incorporated	212,088	100%	212,088	81.0%	56.10	56.10	82.4%
<u>UNINCORPORATED</u>							
Bayview	1,728 (2)	100%	1,728	0.7%			0.0%
Crockett	3,044 (2)	1%	20	0.0%	(3)		0.0%
East Richmond Heights	3,272 (2)	100%	3,272	1.2%			0.0%
El Sobrante	13,388 (2)	100%	13,388	5.1%			0.0%
Kensington	5,595 (2)	100%	5,595	2.1%			0.0%
Montalvin Manor	3,164 (2)	100%	3,164	1.2%			0.0%
North Richmond	3,988 (2)	100%	3,988	1.5%			0.0%
Rodeo	9,724 (2)	100%	9,724	3.7%			0.0%
Rollingwood	2,847 (2)	100%	2,847	1.1%			0.0%
Tara Hills	4,778 (2)	100%	4,778	1.8%			0.0%
Other Unincorporated	<u>1,404</u> (3)	100%	<u>1,404</u>	<u>0.5%</u>			<u>0.0%</u>
Total, Unincorporated	52,932 (1)	94%	49,908	19.0%	12.00	12.00	17.6%
TOTAL	265,020 (1)	99%	261,996	100.0%	68.10	68.10	100.0%

(1) Source: Cal. Dept. of Finance, Report E-1: City/County Population Estimates 1/1/17

(2) Census, American Community Survey, 5-year

(3) County of Contra Costa GIS, 2017-07-19

7/24/17

BANKRUPTCY PROCEEDINGS

The District's Plan of Adjustment of the District's debt was confirmed by the court December 21, 2017.¹¹⁴

As summarized in the bankruptcy Disclosure Statement, the Plan of Adjustment “provides that the District will sell the Hospital and will be reorganized into the Reorganized District and enter a period of operational dormancy during which the Reorganized District focuses its revenues on the repayment of creditors pursuant to the Plan. After the majority of creditor repayments are

¹¹⁴ Correspondence from L. Texeira, LAFCO, 2017-12-28.

accomplished, estimated to occur in 2024, the Reorganized District intends to utilize its revenues to resume providing healthcare services to the citizens of West Contra Costa County.”¹¹⁵

Pending State legislation, if enacted, will allow the Contra Costa County Board of Supervisors to appoint the district governing board members.¹¹⁶ This process signals the potential of closer coordination with the County and resulting administrative economies. At a minimum, election costs, budgeted at \$450,000 every two years, will be avoided. Actual cost savings could be less; the District's election cost during a gubernatorial election could be as low as \$120,000.¹¹⁷

HEALTH NEEDS IN THE DISTRICT

The LAFCO Special Study prepared for the District described significant health needs within the District; the closure of Doctors Hospital compounded issues of access to healthcare services. Following closure of the hospital, the number of emergency stations fall below the Countywide average of 2.4 emergency medical treatment stations per 10,000 population, however, emergency department use has been declining with the increased use of urgent care and outpatient clinics, and increased access to insurance coverage.

Although the District will not be financially positioned to address health needs until it repays its bankruptcy obligations, the Kaiser Foundation Hospital in Richmond will continue to prepare analyses of health needs, in addition to analysis to be prepared by the County Health Services, for example, as part of its forthcoming Strategic Plan.

POPULATION GROWTH

As shown in prior **Table 1**, ABAG projects the District’s population to grow by about 1.2 percent annually. Over the period from 2015 through 2020, this rate of growth would increase the District’s population by about 10,300 residents. ABAG projects longer-term growth to continue, increasing the need for healthcare services accordingly; ABAG estimates, by 2040, the District’s resident population will grow by 28 percent compared to 2015.

¹¹⁵ Disclosure Statement for the Plan for the Adjustment of Debts Dated June 9, 2017, United States Bankruptcy Court Northern District of California Oakland Division, Case No. 16-42917.

¹¹⁶ SB 522, Glazer.

¹¹⁷ The WCCHD conservatively budgets \$450,000 every two years for elections. In 2014, election costs were \$414,000 including a gubernatorial election (\$117,000) and a separate Measure C election (\$297,000) per County correspondence with LAFCO, 12/4/2017.

DISADVANTAGED COMMUNITIES

Prior **Figure 2** depicts disadvantaged communities in the County, and shows qualifying areas in the District, primarily consisting of Richmond and San Pablo, and a portion of Hercules. Other unincorporated areas in the vicinity, for example North Richmond, also fall within the designation.

MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

As described and mapped in **Appendix B**, OSHPD designates areas with different types of medical professional shortages.

The District encompasses the only area designated as Medically Underserved within the County (see **Figure B-1**), and the only area designated as a Dental Health Professional Shortage Area (see **Figure B-3**). Areas are also designated as Mental Health Professional Shortage Areas (see **Figure B-4**) and Primary Care Shortage Areas (see **Figure B-2**).

HEALTH NEEDS ASSESSMENTS

The Kaiser Foundation Hospital in Richmond (KFH-Richmond) prepared a 2016 CHNA.¹¹⁸ The CHNA prioritized “Obesity, Diabetes, Healthy Eating, and Active Living” as a need in its service area, followed by “Violence and Injury Prevention” and “Economic Security”.

OTHER STUDIES AND INDICATORS

In 2011, Contra Costa Health Services prepared special studies of the impacts of sweetened beverage consumption on Richmond and San Pablo residents.¹¹⁹ These studies reinforce the health priority identified in the Kaiser CHNA noted above.

Contra Costa Health Services prepared a “Richmond Health Equity Report Card” in 2015 that documented health issues and inequities in Richmond. The data utilized was from 2010 through 2012, and covers a range of health concerns facing the area, including economic security and education, safe communities, environmental and health justice, quality and accessible health and social services, health behaviors, and health outcomes.

¹¹⁸ 2016 Community Health Needs Assessment, Kaiser Foundation Hospitals Oakland and Richmond, approved September 21, 2016.

¹¹⁹ The Impact of Sugar Sweetened Beverage Consumption on the Health of Richmond Residents, A Report from Contra Costa Health Services, Dec. 12, 2011, and see a related report for San Pablo, Nov. 15, 2011.

FACILITIES AND SERVICES IN THE DISTRICT

Figure 9 shows the locations of medical facilities within and proximate to the District. The map shows the closed Doctors Hospital, and the Kaiser Permanente Richmond Medical Center. As noted previously, West County is lacking in emergency stations as noted in prior **Table 2**.

WCCHD GOVERNANCE

The WCCHD board continued to meet during the bankruptcy process. **Table 16** lists the current Board of Directors and their terms. Following bankruptcy, the Plan of Adjustment anticipates State legislation to enable the Contra Costa County Board of Supervisors to appoint the WCCHD board and eliminate election costs. The County may also elect to provide administrative services to the District to achieve other cost savings.

Table 16 WCCHD Board Members

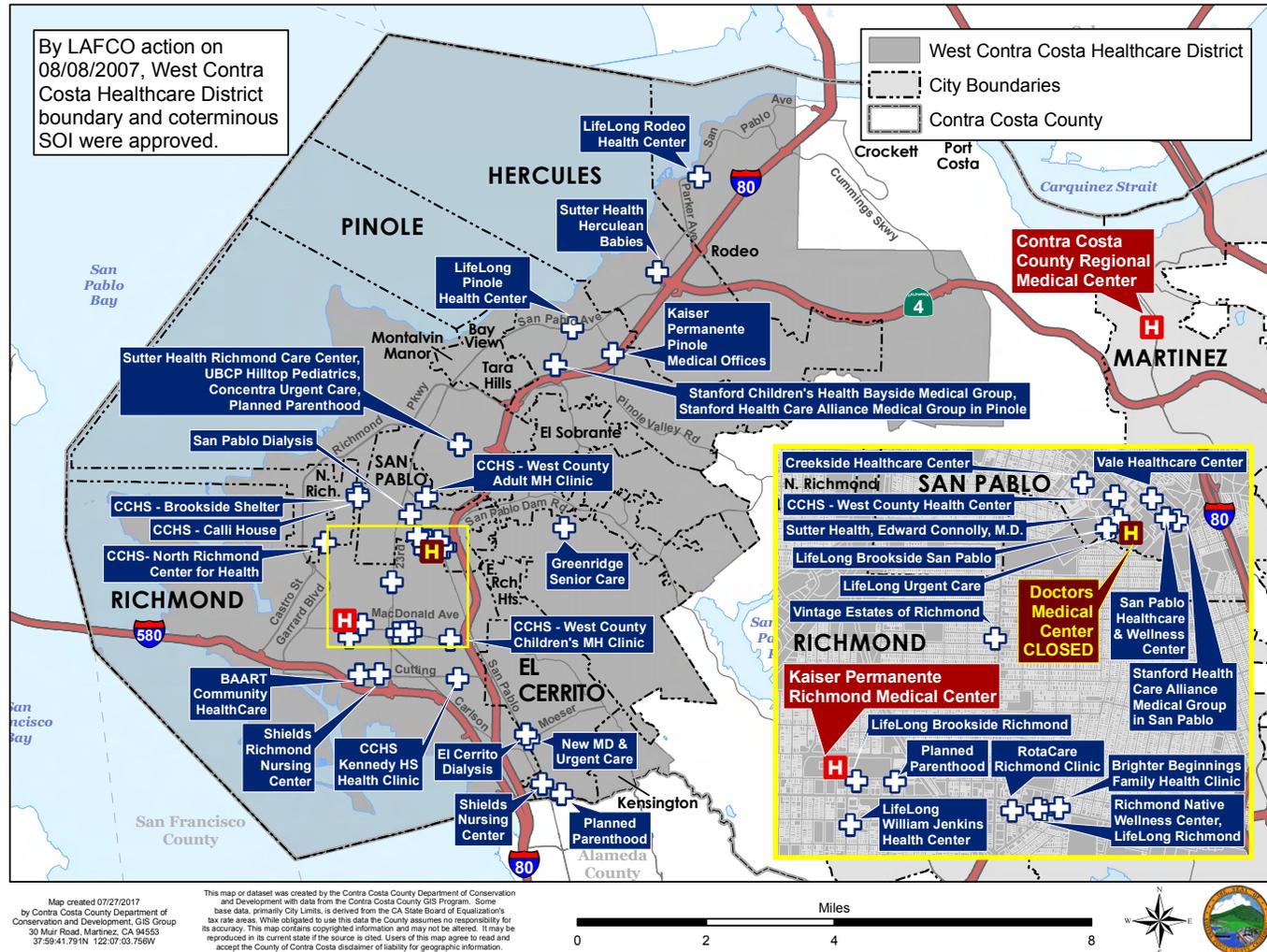
Position	Name	Term Began	Term Expires
Chairperson	Nancy Casazza, RN	1/21/15	Jan. 2019
Vice Chair	Beverly Wallace	1/21/15	Jan. 2019
Treasurer	Irma Anderson, RN	1/21/15	Jan. 2019
Secretary	William van Dyk DDS	2/1/17	Feb. 2021
Vice Secretary	Deborah Campbell, RN	12/2/16	Dec. 2020

Source: B. Ellerston, WCCHD, July 19, 2017

ACCOUNTABILITY

The District continues to post notice of its meetings, agendas, and minutes on its website, as well as current financial documents and bankruptcy-related items.

Figure 9 Health Care Facilities in the WCCHD



WCCHD GOALS, POLICIES AND PLANS

The WCCHD’s website states the District’s mission:

"Our mission is to provide leadership and oversight in the delivery of healthcare in the West Contra Costa Healthcare District by:

Acting as an advocate for quality healthcare to all. Providing a conduit for healthcare information and services. Fostering, developing, maintaining and supporting programs that serve the healthcare needs of the communities served. Providing assurance, through oversight of the District’s healthcare facilities, of equal access to healthcare, without regard to race, color, age, religion, sex, sexual orientation, national origin, citizenship, handicap or ability to pay."¹²⁰

As previously noted, since 2016, the District has focused on its bankruptcy proceedings; the District's Plan of Adjustment was confirmed by the bankruptcy court on December 21, 2017.

WCCHD SERVICES

With the closure of Doctors Hospital and District bankruptcy, WCCHD does not anticipate resuming services until at least 2024. As stated in the bankruptcy Plan of Adjustment, “after the majority of creditor repayments are accomplished, estimated to occur in 2024, the Reorganized District intends to utilize its revenues to resume providing healthcare services to the citizens of West Contra Costa County.”¹²¹

At the present time, the District has not determined the services that would be provided in the future when revenues are likely to be available for healthcare purposes. In light of potential significant changes in Federal and State funding of healthcare, and anticipated legislative reorganization of the District, determination of policies, plans and services probably will be deferred until the District has significant discretionary revenues available.

¹²⁰ WCCHD website, Nov. 18, 2016,

<https://web.archive.org/web/20161118050309/http://wcchd.ca.gov/mission/>

¹²¹ Plan for the Adjustment of Debts Dated June 9, 2017, Appendix D to the Disclosure Statement.

WCCHD PROPERTY

The District is in the process of selling its assets, including the former Doctors Hospital building. The District will not own property post-bankruptcy.

WCCHD FINANCES

During the bankruptcy proceedings, the District continued to fund various expenses, including administrative costs for contract staff; minimal expenses related to maintenance of the Doctors Hospital building; and other financial and legal costs in addition to the District's ongoing obligations to pay its debts and other liabilities.

The District's primary ongoing revenues are ad valorem property taxes, totaling about \$4.0 million annually before repayment to the County for property tax advances. Additional District parcel taxes, totaling approximately \$5.65 million annually, are dedicated to the repayment of Certificates of Participation (COPs). The sale of the Doctors Hospital building, the District's primary asset, will repay outstanding obligations in accord with the bankruptcy Plan of Adjustment.

Following bankruptcy and repayment of the County and other obligations and expenses, the District's projected net cash flow (after expenses) up to \$3.6 million annually will be available for healthcare services after about 2024. This net revenue includes parcel taxes collected in excess of annual COP payment requirements. The actual net available will depend upon the proposed reorganization of the District, whether costs of administrative services will be provided by the County in lieu of District staff and contracts, and the future amount of property tax growth.

Table 17 shows the District's budget for 2017, including actual monthly revenues and expenditures through August 2017 and projected monthly cash flows for the balance of the year. The second page of the budget shows projected annual cash flows from 2018 through 2027.



Table 17 Summary of WCCHD Budget

West Contra Costa Healthcare District: Projected Monthly Cash Flow, 2017 ASSUMING NO SALE IN 2017													
	2017												
	ACTUAL								FORECASTED				2017 TOTAL
	January	February	March	April	May	June	July	August	September	October	November	December	
Beginning Cash Balance	\$ 168,763	\$ 288,966	\$ 325,925	\$ 297,911	\$ 284,030	\$ 1,298,428	\$ 1,066,942	\$ 872,163	\$ 549,288	\$ 262,534	\$ 72,722	\$ 86,251	\$ 168,763
Cash Receipts*:													
Ad Valorem Tax					1,000,000								1,000,000
(1) Receipts from US Bank	474,943	290,338	334,426	237,802	311,208					118,893	297,233	297,233	2,362,077
(2) Other Receipts	8,550	15,726	16,508	14,396	5,944	28,565	26,023	17,307	125,525	5,000	5,000	5,000	273,543
Sale of Building													
Total Cash Receipts	483,493	306,064	350,934	252,198	1,317,152	28,565	26,023	17,307	125,525	123,893	302,233	302,233	3,635,620
Expenses:													
Payroll/Administration	54,989	62,879	72,202	46,436	51,453	51,988	32,570	91,154	55,000	55,000	55,000	55,000	683,672
Bookkeeping Services	-	2,066	2,500				713		3,000	3,000	3,000	3,000	17,278
Annual Audits	-	-	-		42,500			42,500	22,500	25,000			132,500
Other	6,508			6,186		1,568	9,933	4,310	5,000	5,000	5,000	5,000	48,505
Total personnel/consulting costs	61,497	64,945	74,702	52,622	93,953	53,556	43,215	137,964	85,500	88,000	63,000	63,000	881,954
Office Expenses	2,254	2,030	2,498	1,794	1,638	1,471	2,226	2,801	2,000	2,000	2,000	2,000	24,713
Security	48,555	31,175	45,099	31,999	17,440	52,703	35,093	50,531	35,000	35,000	35,000	35,000	452,595
Utilities	31,213	32,740	37,088	29,130	24,109	18,077	17,978	18,864	20,000	20,000	20,000	20,000	289,199
Landscaping	1,700	1,700	-	3,400	1,700		3,400	1,700	1,700	1,700	1,700	1,700	20,400
All other (repairs, general office)	957	920	1,800	620	1,133		9,523	140	3,000	3,000	3,000	3,000	27,093
Insurance	13,730	12,177	11,106	46,912	13,269		15,429	13,579	51,575	11,500	11,500	11,500	212,277
Total facilities costs	98,409	80,742	97,590	113,855	59,289	72,251	83,650	87,616	113,275	73,200	73,200	73,200	1,026,276
Legal	12,728	9,569	20,197	12,102	15,047	16,128	19,674	21,354	20,572	20,000	20,000	20,000	207,371
Records Storage	22,504	45,009	22,505	22,505	22,505	22,505	22,505	22,505	22,505	22,505	22,505	22,505	292,560
Fees and Other	22,763	59,391	-	-	-	-	-	-	5,000	5,000	5,000	5,000	102,153
Total other costs	57,995	113,969	42,702	34,607	37,552	38,633	42,178	43,858	48,077	47,505	47,505	47,505	602,084
Consulting - Financial/Operating	8,800	9,450	15,526		9,000	13,500	13,017	70,744	15,000	15,000	15,000	15,000	200,037
Legal - Bankruptcy Counsel	136,589	-	148,428	64,996	102,959	82,112	38,741	-	130,428	80,000	80,000	80,000	944,253
Unsecured Creditor Committee									20,000	10,000	10,000	10,000	50,000
Chapter 9 and Professional Fees	145,389	9,450	163,954	64,996	111,959	95,612	51,758	70,744	165,428	105,000	105,000	105,000	1,194,290
Total Cash Payments	363,290	269,105	378,948	266,079	302,753	260,051	220,802	340,182	412,280	313,705	288,705	288,705	3,704,604
Net Cash Flow for Month	120,203	36,958	(28,014)	(13,881)	1,014,398	(231,486)	(194,779)	(322,875)	(286,755)	(189,811)	13,529	13,529	(68,984)
Total Cash Available	288,966.39	\$ 325,925	\$ 297,911	\$ 284,030	\$ 1,298,428	\$ 1,066,942	\$ 872,163	\$ 549,288	\$ 262,534	\$ 72,722	\$ 86,251	\$ 99,780	\$ 99,780

Table 17 Summary of WCCHD Budget (cont'd)

West Contra Costa Healthcare District: Projected Annual Cash Flow											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Beginning Balance (Operating Acct at Citibank)	99,780	12,286,058	9,179,212	7,417,616	7,224,955	7,507,366	9,277,897	12,760,890	15,686,709	19,075,167	99,780
Ad Valorem tax receipts	4,006,980	4,027,015	4,047,150	4,067,386	4,087,723	4,108,161	4,128,702	4,149,346	4,170,093	4,190,943	40,983,500
(1) Sale of Property	12,700,000										12,700,000
Parcel tax, 2004	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	56,500,000
(2) Other	8,430,598										8,430,598
Total Cash Receipts	30,787,578	9,677,015	9,697,150	9,717,386	9,737,723	9,758,161	9,778,702	9,799,346	9,820,093	9,840,943	118,614,098
Cash Payments:											
Payroll/Administration	273,967	280,816	287,337	295,033	302,409	309,969	317,718	325,661	333,802	342,148	3,069,360
Bookkeeping Services	40,000	20,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368	239,090
Cost Report Audits and Settlement	30,000	30,750	31,519	32,307	33,114						157,690
Annual Financial Audit	15,000	15,375	15,759	16,153	16,557	16,971	17,395	17,830	18,276	18,733	168,051
Audit/Actuarial for Successor Pension Plan	78,000	79,950	81,949	83,997	86,097	88,250	90,456	92,717	95,035	97,411	873,864
IT Costs	12,000	12,300	12,608	12,923	13,246	13,577	13,916	14,264	14,621	14,986	134,441
Other	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489	112,034
Total personnel/consulting costs	458,967	449,441	460,677	472,194	483,999	462,157	473,711	485,554	497,693	510,135	4,754,529
Office Expenses	30,000	30,750	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	336,101
Total facilities costs	30,000	30,750	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	336,101
(2) Records Storage	216,164	191,904	164,316	131,606	96,116	62,722	34,391	23,653	18,980	15,045	954,897
Legal Fees	300,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Fees and Other	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
Election costs every two years		450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	2,250,000
Total other costs	526,164	751,904	274,316	691,606	206,116	622,722	144,391	583,653	128,980	575,045	4,504,897
Unsecured Creditors	2,000,000	2,000,000	2,000,000								6,000,000
Repayment to County (Unsecured, past election)		218,133									218,133
EDD	661,371	661,371									1,322,742
Local 39 Claim	41,335	41,335	41,335	41,335	41,335	41,335	41,335	41,335	41,335	35,411	407,421
CNA_Medical Pension Plan	250,000	250,000	250,000	250,000	250,000	250,000	250,000	375,000	375,000	-	2,500,000
Successor Pension Plan Payments	4,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	13,000,000
Committee Counsel Fees	50,000										50,000
Contract Cure Costs	58,500										58,500
Cell Rights Settlements	800,000										800,000
(4) Repayment of 928(b) Orders	2,362,077										2,362,077
2004 COPs Payment (US Bank)	1,895,006	1,895,988	1,894,013	1,894,081	1,895,925	1,894,275	1,894,131	1,895,225	1,895,475	1,896,325	18,950,444
2011 COPs Payment (US Bank)	2,460,900	2,457,925	2,459,738	2,461,138	2,457,100	2,457,350	2,457,350	2,457,100	2,456,600	2,455,850	24,581,050
Repayment to County (Ad Valorem tax exchange)	3,006,980	3,027,015	3,047,150	3,067,386	3,087,723	1,225,850	-	-	-	-	16,462,104
Creditor Payments	17,586,169	11,551,765	10,692,235	8,713,939	8,732,082	6,868,809	5,642,816	5,768,660	5,768,410	5,387,586	86,712,470
Total Cash Payments	18,601,300	12,783,861	11,458,747	9,910,047	9,455,312	7,987,631	6,295,709	6,873,527	6,431,634	6,510,231	96,307,998
Net Cash Flow, Annual	12,186,278	(3,106,846)	(1,761,597)	(192,661)	282,411	1,770,531	3,482,994	2,925,819	3,388,458	3,330,712	22,306,100
Total Cash Available	\$ 12,286,058	\$ 9,179,212	\$ 7,417,616	\$ 7,224,955	\$ 7,507,366	\$ 9,277,897	\$ 12,760,890	\$ 15,686,709	\$ 19,075,167	\$ 22,405,879	\$ 22,405,879

Notes:

- (1) Receipts of \$12,700,000 is net proceeds from the sale of the property; Sale price is \$13,000,000, less the broker fees and other closure costs estimated at \$300,000.
- (2) Amount projected by the District to be held by U.S. Bank as of 1/1/2018 reflecting all parcel taxes collected prior to 2018 less all payments on the 2004 Cops and 2011 Cops through 2017. This amount may be less due to accruing trustee fees and expenses.

Table 18 illustrates current assessed value within the District by jurisdiction.

Table 18 Summary of Assessed Value within the WCCHD Boundaries

Area	Total A.V. Total City or Community (1)	District Assessed Value (1)		
		%	\$	% Dist.
<u>INCORPORATED</u>				
Richmond	\$ 13,082,516,425	100%	\$ 13,082,516,425	43.0%
El Cerrito	\$ 4,017,973,881	100%	\$ 4,017,973,881	13.2%
Hercules	\$ 3,449,453,774	100%	\$ 3,449,453,774	11.3%
Pinole	\$ 2,282,460,991	100%	\$ 2,282,460,991	7.5%
San Pablo	\$ 1,707,066,788	100%	\$ 1,707,066,788	5.6%
Total, Incorporated	24,539,471,859	100%	\$ 24,539,471,859	80.7%
Total, Unincorporated			\$ 5,869,875,498	19.3%
TOTAL			\$ 30,409,347,357	100.0%

(1) Source: Contra Costa County Auditor-Controller

WCCHD ASSETS AND LIABILITIES

After bankruptcy court approval of the District’s Plan of Adjustment which occurred on December 21, 2017, the District is no longer subject to any former liabilities other than the payment obligations specified by the bankruptcy Plan of Adjustment. Those payment obligations include:¹²²

- Full repayment of outstanding Certificates of Participation (approximately \$56 million) plus interest.
- \$218, 132.50 representing 50% of the total amount owed to the County for prior District election costs.¹²³
- Local 39 Pension Claim - \$31,480.99 per year for ten years; Local 39 Health Claim \$8,214.98 per year for nine years.¹²⁴

¹²² Disclosure Statement for the Plan for the Adjustment of Debts dated June 9, 2017, Section 3.1 Proposed Treatment of Claims.

¹²³ See First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 11, Section 4.2.

- WCCHD Successor Pension Plan – the Reorganized District to assume all rights and responsibilities regarding these pension plan claims. Within 30 days after the effective date of the plan \$4 million will be transferred to the plan administrator. Thereafter, the District will pay \$1 million per year to the plan administrator until the pension plan is fully funded.¹²⁵
- Approximately \$2.7 million owed to the California Nurses Association (CNA).¹²⁶
- About \$1.3 million owed to the State EDD for claims.¹²⁷
- \$6 million shall be paid to other unsecured allowed claims.

The foregoing information is included in the Plan of Adjustment.

WCCHD ORGANIZATIONAL ISSUES AND OPTIONS

The Special Study prepared by Contra Costa LAFCO for the WCCHD outlined a number of governance options. The Special Study supported pursuit of legislation to enable the County Board of Supervisors to appoint the governing body of the WCCHD that could include the Board of Supervisors. If this special legislation passes,¹²⁸ the District will no longer be burdened by election costs and there may be new opportunities for a partnership between the County and the reorganized District, including administrative support and other shared resources.

The reorganization described above could be re-assessed at a future point in time, if other options appear more viable. For example, if legislation modifies the requirements for subsidiary district formation, this option may be viable if the City of Richmond is willing and able at a future point in time to assume responsibility for District functions.

¹²⁴ See First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 13, Section 4.7.

¹²⁵ See, First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 11, Section 4.3.

¹²⁶ See, First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 12, Section 4.4.

¹²⁷ See, First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 12, Section 4.5.

¹²⁸ SB 522, Glazer.



APPENDICES UNDER SEPARATE COVER



**Berkson
Associates**

Urban Economics
Policy Forensics & Forecasting
Planning & Policy Analysis

FINAL DRAFT

HEALTHCARE SERVICES MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATES

APPENDICES

Prepared for Contra Costa LAFCO

Prepared by Berkson Associates
In association with the Abaris Group
January 2, 2018



APPENDICES

A. OVERVIEW OF MSR DETERMINATIONS AND APPLICABILITY TO HEALTHCARE DISTRICT MUNICIPAL SERVICE REVIEWS

Table A-1 Overview of MSR Determinations Applicability to Healthcare District MSRs

B. MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

Figure B-1 Medically Underserved Areas in Contra Costa County

Figure B-2 Primary Care Shortage Areas in Contra Costa County

Figure B-3 Dental Health Professional Shortage Areas in Contra Costa County

Figure B-4 Mental Health Professional Shortage Areas in Contra Costa County

C. HEALTH NEEDS ASSESSMENTS IN CONTRA COSTA COUNTY

D. LMCHD GRANT PROGRAMS

LMCHD Grant Programs Fall of 2016 and Summer 2017



APPENDIX A

OVERVIEW OF MSR DETERMINATIONS AND APPLICABILITY TO HEALTHCARE DISTRICT MUNICIPAL SERVICE REVIEWS

Table A-1 Overview of MSR Determinations Applicability to Healthcare District MSRs

Determination	Applicability to HCD MSRs	Methodology and Data Sources
(1) Growth and population projections for the affected area.	<p>How will growth and population projections affect determinations re: current and future healthcare district services and service area? Changes in demographics and underserved populations? Implications for funding?</p>	<p>Regional agencies can provide forecasts, but may require GIS analysis to define district boundaries. LAFCOs/counties often can provide GIS maps.</p>
(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	<p>Are there Disadvantaged Communities and/or underserved areas that can be more equitably provided services, eg. via SOI and service area changes? Are HCDs addressing the needs of these communities?</p>	<p>LAFCOs can identify Disadvantaged Communities, in collaboration with county.</p> <p>OSHPD can provide GIS data to create maps to delineate underserved areas.</p>
(3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.	<p>Are district services "adequate", i.e. acceptable in quantity and quality:</p> <p>Grant Quantity - any increase above current funding from other agencies should be considered "adequate" as long as "Admin %" ratios meets standards. Do the grants make a difference in health outcomes of identified needs?</p> <p>Grant Quality - Are grantees effectively and efficiently using funds to meet community health needs, including those of disadvantaged communities?</p> <p>Direct Services - Is the district effectively and efficiently using funds to meet community health needs, including those of disadvantaged communities?</p>	<p>Show historic patterns of grant allocations, and as a % vs. other expenditures.</p> <p>Document consistency of grants and services with district Strategic Plan goals and documented health needs in the district, eg with reference to Community Health Needs Assessment reports prepared by hospitals.</p> <p>Review basis for decisions regarding health needs and priorities, in light of other agencies and available information.</p> <p>Compare grant review, award and followup to Best Practices.</p>

Table A-1 Overview of MSR Determinations and Applicability to Healthcare District MSRs (cont’d)

Determination	Applicability to HCD MSRs	Methodology and Data Sources
<p>(4) Financial ability of agencies to provide services.</p>	<p>Grants - is staff adequate to review, administer, track, and report on grant outcomes to assure adequacy of grants in an efficient manner?</p> <p>Direct Services -is funding adequate to effectively provide services, and maintain adequate reserves for capital and for contingencies?</p>	<p>Document historic pattern of revenues and expenditures, and financial position, utilizing budgets and financial reports.</p> <p>Utilize performance measures specific to direct services provided, eg., is admin 20% or less of expenditures?</p> <p>Document potential financial risks and financial planning and ability to address these risks.</p>
<p>(5) Status of, and opportunities for, shared facilities.</p>	<p>Does the district collaborate with other healthcare providers to minimize redundant overhead, leverage resources, and coordinate targeting of health needs?</p>	<p>Document participation in regional healthcare planning with other healthcare agencies, and utilization of healthcare needs assessments.</p>
<p>(6) Accountability for community service needs, including governmental structure and operational efficiencies.</p>	<p>Does the district achieve:</p> <p>a) Special District standards for high performance, transparency, and website content/accessibility;</p> <p>b) Effective public engagement;</p> <p>c) Strategic planning to engage public, coordinate with other agencies, and provide transparency re: goals and related actions;</p> <p>d) Other best practices and performance standards? What % of revenues are expended on district overhead and admin?</p>	<p>Compare district website and practices to checklists available from Special District Leadership Foundation.</p> <p>Document public outreach and process for developing/reviewing goals, policies and Strategic Plan.</p> <p>Investigate any applicable civil grand jury reports.</p> <p>Review prior LAFCO MSRs or special studies re: governance issues and options.</p> <p>Review other applicable industry standards and HCD examples.</p>
<p>(7) Any other matter related to effective or efficient service delivery, as required by commission policy.</p>	<p>For example, does the District expend funds on or receive revenue from non-healthcare services (e.g., real estate)? Can district resources be better utilized for other purposes or by other entities?</p>	<p>Review press re: local issues; investigate any applicable civil grand jury reports. Review prior LAFCO MSRs or special studies.</p>



APPENDIX B

MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

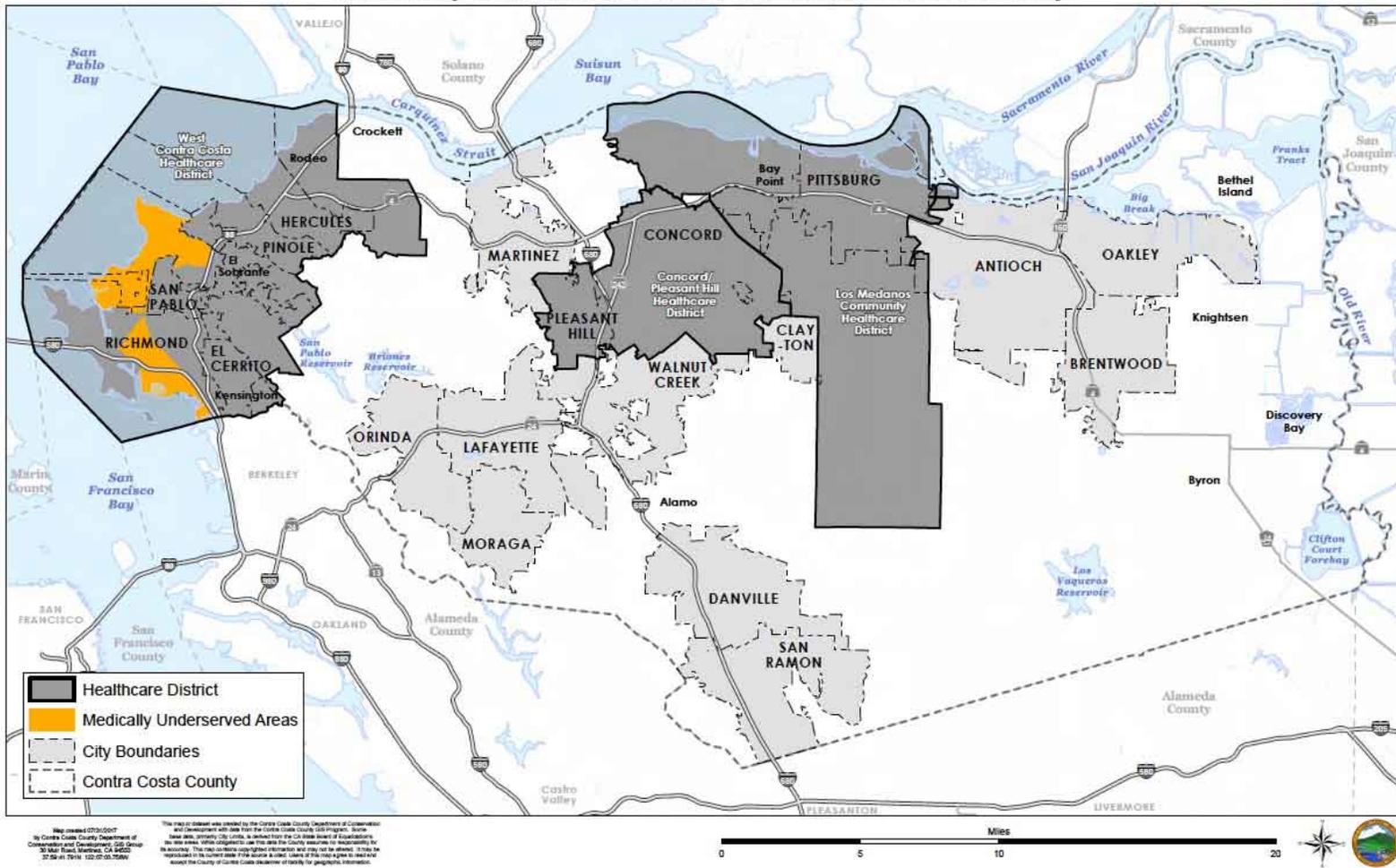
MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

One area within the County is designated as a Medically Underserved Area (MUA) according to the Office of Statewide Health Planning and Development (OSHPD), as shown in **Figure B-1**.¹ This area falls within the boundaries of the WCCHD.

The “medically underserved” are people with life circumstances that make them susceptible to falling through the cracks in the health care system. Many do not have health insurance or cannot afford it; those who do have insurance sometimes face insufficient coverage. The MUA includes a shortage of dental health and mental health professionals.

¹ See <http://gis.oshpd.ca.gov/atlas/topics/shortage/mua/contra-costa-service-area>

Figure B-1 Medically Underserved Areas in Contra Costa County



Recognition as a federally designated Health Professional Shortage Area (HPSA) for Primary Care, Dental Health, and Mental Health disciplines or Medically Underserved Area/Medically Underserved Population (MUA/MUP) enables a clinic to be eligible for assignment of National Health Services Corp Personnel or apply for Rural Health Clinic Certification, Federally Qualified Health Center status (FQHC), FQHC Look-Alike, or New Start/Expansion program, depending on the designation.² Designation provides other benefits, noted below for each designation.

Primary Care Health Professional Shortage Areas

Primary Care Shortage Areas (PCHPSAs) exist in each of the three healthcare districts, and some adjoining unincorporated areas, as shown in **Figure B-2**. A PCHPSA designation requires:

- A rational service area, e.g., a Medical Service Study Area
- Population to primary care physician ratio: 3,500:1 or 3,000:1 plus population features demonstrating "unusually high need;" and
- A lack of access to health care in surrounding areas because of excessive distance, overutilization, or access barriers.

² OSHPD Shortage Designation Program webpage, <http://www.oshpd.ca.gov/HWDD/Shortage-Designation-Program.html>

Benefits of designation as a PCHPSA, according to OSHPD,³ include:

- Education loan repayment and personnel placement through the National Health Service Corps (NHSC);
- Improved Medicare reimbursement. Physicians in geographic PCHPSAs are automatically eligible for a 10% increase in Medicare reimbursement;
- Eligibility for Rural Health Clinic Certification (a prospective payment method designed to enhance access to primary health care in rural underserved areas);
- Eligibility for the NHSC/State Loan Repayment Program;
- Enhanced federal grant eligibility; and
- Funding preference for primary care physician, physician assistant, nurse practitioner, and nurse midwife programs that provide substantial training experience in HPSAs.⁴

Dental Health Professional Shortage Areas

The only Dental Health Professional Shortage Area (DHPSA) in the County exists within the WCCHD boundaries in Richmond, as shown in **Figure B-3**. The federal Dental HPSA designation identifies areas as having a shortage of dental providers on the basis of availability of dentists and dental auxiliaries.⁵ A DHPSA designation requires:

- A rational service area, e.g., a Medical Service Study Area

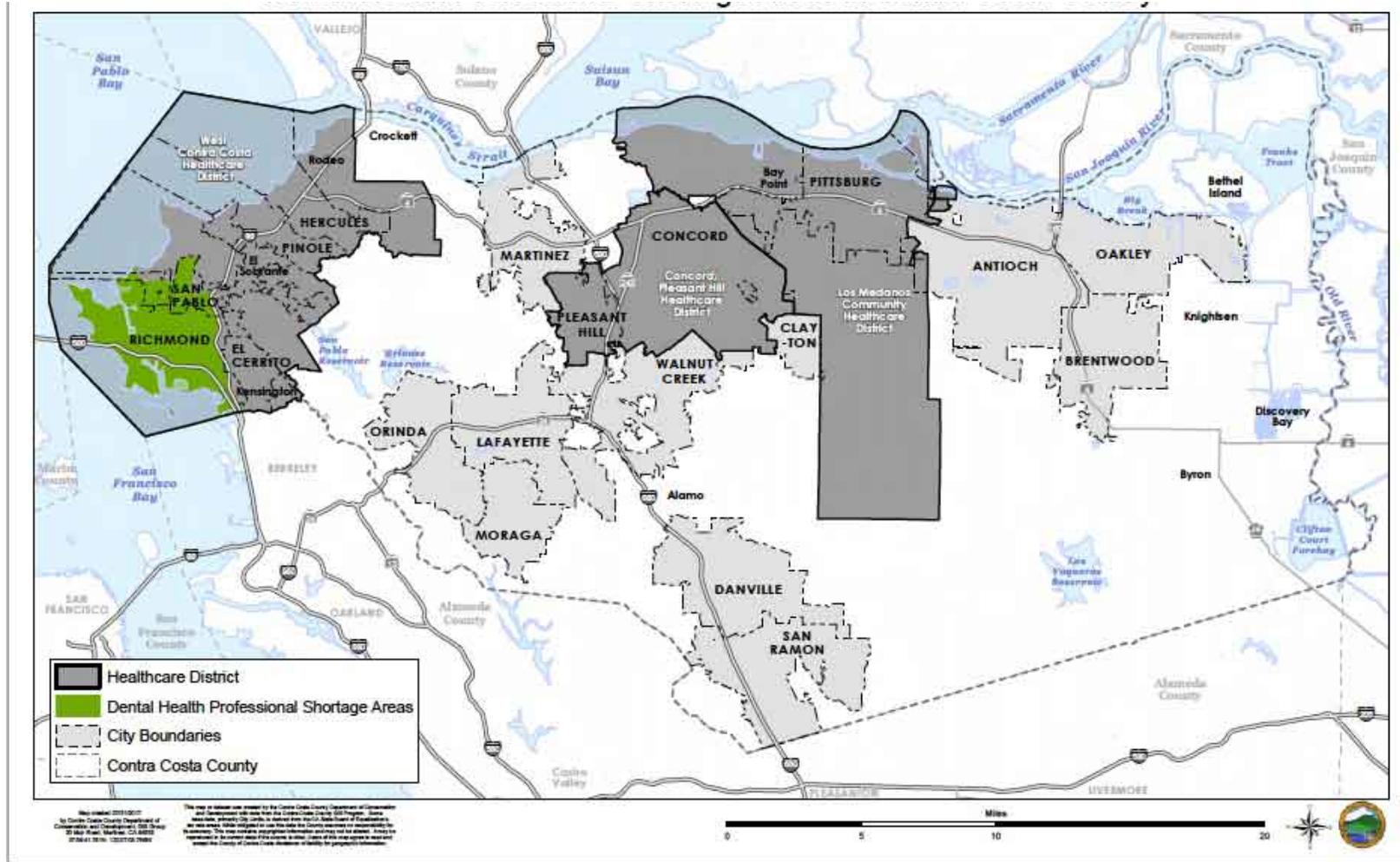
³ OSHPD Shortage Designation Program website,
<https://www.oshpd.ca.gov/HWDD/Shortage-Designation-HPSA.html#PCHPSA>

⁴ *ibid*, OSHPD Shortage Designation Program website.

⁵ OSHPD Shortage Designation Program website,
<https://www.oshpd.ca.gov/HWDD/Shortage-Designation-HPSA.html#DHPSA>

- Population to general practice dentist ratio: 5,000:1 or 4,000:1 plus population features demonstrating "unusually high need;" and
- A lack of access to dental care in surrounding areas because of excessive distance, overutilization, or access barriers.

Figure B-3 Dental Health Professional Shortage Areas in Contra Costa County



Benefits of designation as a PCHPSA, according to OSHPD, include:

- Education loan repayment and personnel placement through the National Health Service Corps (NHSC);
- Eligibility for the NHSC/State Loan Repayment Program;
- Scholarships for dental training in return for service in a shortage area; and
- Funding priorities for training in general practice dentistry in programs that provide substantial training in shortage areas.⁶

Mental Health Professional Shortage Areas

Designated Mental Health Professional Shortage Areas (MHPSA) exist in the WCCHD and the LMHCD, and in substantial areas of East County, as shown in **Figure B-4**. The federal MHPSA designation identifies areas as having a shortage of mental health providers on the basis of availability of psychiatrist and mental health professionals.⁷ A MHPSA designation requires:

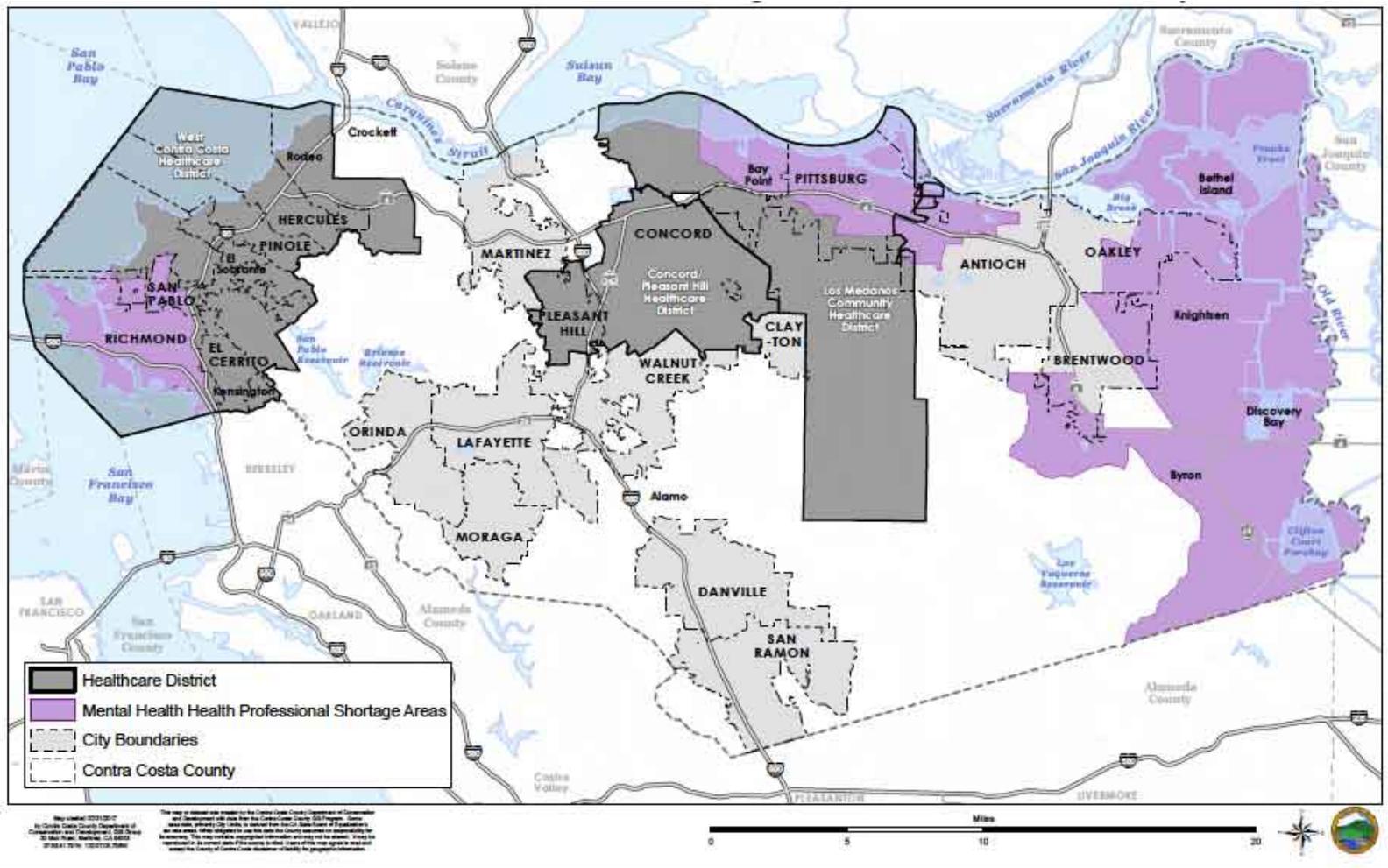
- A rational service area;
- The population-to-core mental health professional and/or the population-to-psychiatrist ratio meet established shortage criteria; and
- A lack of access to mental health care in surrounding areas because of excessive distance, overutilization, or access barriers.

⁶ *ibid*, OSHPD Shortage Designation Program website.

⁷ OSHPD Shortage Designation Program website

<https://www.oshpd.ca.gov/HWDD/Shortage-Designation-HPSA.html#MHPSA>

Figure B-4 Mental Health Professional Shortage Areas in Contra Costa County



Benefits of designation as a MHPSA, according to OSHPD, include:

- Eligibility for the National Health Services Corp/State Loan Repayment Program;
- Improved Medicare reimbursement; and
- Enhanced federal grant eligibility.⁸

⁸ *ibid*, OSHPD Shortage Designation Program website.



APPENDIX C

HEALTH NEEDS ASSESSMENTS IN CONTRA COSTA COUNTY

John Muir Health

John Muir Health (JMH) prepared a CHNA in 2016 that covers its medical centers in Concord and Walnut Creek, and its Behavioral Health Center in Concord.⁹ JMH's primary and secondary service areas include central and eastern Contra Costa County, generally encompassing areas served by the CPPHD and LMHD.¹⁰ The John Muir Medical Center - Concord (JMMC-Concord) and the JMH Behavioral Center are located within the boundaries of the CPHHD in addition to urgent care facilities, physician offices, emergency and other outpatient services. JMH physician offices are located in Pittsburg within LMHD boundaries.

The CHNA identified the following health priorities in the community, based on input from the community and public health experts.

1. Obesity, Diabetes, Healthy Eating, and Active Living
2. Economic Security
3. Healthcare Access & Delivery, including Primary & Specialty Care
4. Oral/Dental Health
5. Mental Health
6. Substance Abuse, including Alcohol, Tobacco, and Other Drugs
7. Unintentional Injuries
8. Violence and Injury Prevention

JMH filed its 2016 Community Health Improvement Plan (CHIP)¹¹ with the IRS and selected the community health needs it planned to address, and identified related implementation actions under the guidance of JMH governing bodies and its Community Health Improvement Department.

⁹ 2016 Health Needs Assessment, John Muir Health.

¹⁰ Community Health Implementation Plan (CHIP), John Muir Health, adopted 11/15/16.

¹¹ *ibid*, Community Health Improvement Plan (CHIP), John Muir Health, adopted 11/15/16.

For each of the identified health priorities listed above, the CHIP specifies long-term and intermediate goals, actions and resources, anticipated impacts, and planned collaborators. The goals are organized around three areas: healthcare access and delivery, including primary and specialty care; behavioral health; and obesity, diabetes, health eating and active living. These groups generally encompass all of the identified health priorities with the exception of “economic security”.

The CHIP does not explicitly propose collaborations with any Contra Costa healthcare districts. The JMH 2015 Community Benefit Report¹² summarizes the CHIP and benefits to the community, but also does not list any healthcare districts as collaborators (with the exception of the John Muir/Mt. Diablo Health Fund which includes representatives of CPPHD on the Health Fund board).

Kaiser Foundation Hospitals

KFH-Walnut Creek

The KFH-Walnut Creek service area includes the cities of Concord and Pleasant Hill, which largely comprise the CPHHD, and unincorporated areas within the LMHD. In addition to central Contra Costa County, the KFH-Walnut Creek service area includes portions of Alameda County. The CHNA identified “vulnerable populations”, or areas meeting certain criteria for lack of education and poverty levels; those areas fall within CPHHD and LMHD.¹³ Service area health need priorities include the following:

1. Obesity, Diabetes, Healthy Eating, and Active Living
2. Oral/Dental Health
3. Substance Abuse, including Alcohol, Tobacco, and Other Drugs
4. Economic Security
5. Healthcare Access & Delivery, including Primary & Specialty Care

¹² 2015 Community Benefit Report, John Muir Health.

¹³ Community Health Needs Assessment, Kaiser Foundation Hospital – Walnut Creek, approved 9/21/16, pg. 11.

6. Mental Health
7. Violence and Injury Prevention

KFH-Richmond

The Kaiser Foundation Hospital in Richmond (KFH-Richmond) prepared a 2016 CHNA.¹⁴ The KFH-Richmond hospital is located within the WCCHD service area, and expanded its number of emergency beds in response to the closure of WCCHD’s Doctors Hospital. The CHNA’s health need priorities include:

1. Obesity, Diabetes, Healthy Eating, and Active Living
2. Violence and Injury Prevention
3. Economic Security
4. Mental Health
5. Substance Abuse, including Alcohol, Tobacco, and Other Drugs
6. Healthcare Access & Delivery, including Primary & Specialty Care
7. Sexually Transmitted Infections
8. Asthma
9. Infectious Diseases (non-STIs)
10. Cancer

KFH-Antioch

KFH-Antioch Hospital serves East County, including Pittsburg and unincorporated Bay Point within the boundaries of LMHD. The CHNA identified “vulnerable populations”, or areas meeting certain criteria for lack of education and poverty levels, within portions of LMHD and other

¹⁴ 2016 Community Health Needs Assessment, Kaiser Foundation Hospitals Oakland and Richmond, approved September 21, 2016.

service area communities. The Kaiser Foundation Hospital in Antioch (KFH-Antioch) 2016 CHNA prioritized the following health categories:¹⁵

1. Economic Security
2. Obesity, Diabetes, Healthy Eating, and Active Living
3. Healthcare Access & Delivery, including Primary & Specialty Care
4. Oral/Dental Health
5. Mental Health
6. Unintentional Injuries
7. Violence and Injury Prevention
8. Substance Abuse, including Alcohol, Tobacco, and Other Drugs

The KFH-Antioch 2016 CHNA provides quantitative and qualitative community input on the nature of health issues listed above.

Sutter Delta Medical Center

The Sutter Delta Medical Center (SDMC), located in Antioch, serves a population that includes Pittsburg and Bay Point, which fall within the LMHD. The latter areas were identified as “Communities of Concern”, in addition to a portion of Antioch. These Communities of Concern are defined as “populations within the HSA that have the greatest concentration of poor health outcomes and are home to more medically underserved, low income, and diverse populations at greater risk for poorer health.”¹⁶ Health need priorities include:

- Access to Quality Primary Care Health Services
- Access to Affordable, Healthy Food

¹⁵ 2016 Community Health Needs Assessment, Kaiser Foundation Hospital Antioch, approved September 21, 2016;

¹⁶ A Community Health Needs Assessment of the Sutter Delta Medical Center Service Area, Community Health Insights, May 2016.



- Access to Basic Needs, such as Housing and Employment
- Access to Mental, Behavioral, and Substance Abuse Services
- Safe and Violence-Free Environment
- Health Education and Health Literacy
- Access to Transportation and Mobility
- Access to Specialty Care



APPENDIX D

LMCHD GRANT PROGRAMS FALL OF 2016 AND SUMMER 2017



2016 Fall Programs

Organization	Program	Address	Amount Received	Individuals Served*	Description
All Star Cheer Reaction	All Star Cheer Reaction	535 Azores Circle Bay Point, CA 94565	\$ 10,000.00	60	Introduce children ages 5-18 to fitness and healthy eating choices. Get them away from TV, computers, and internet surfing.
APT Sports	APT Sports' Elite Basketball Program	271 Patricia Ave Pittsburg, CA 94565	\$ 10,000.00	195	Provides healthy, positive activities for youth from ages 7 to 18. This is accomplished by offering a basketball program, which instills healthy living and positive lifestyles, as well as mentoring for participants.
Center for Human Development	"Mind, Body, and Soul" - African American Wellness Program	901 Sunvalley Blvd Suite 220 Concord, CA 94520	\$ 7,525.00	60	Helps enhance the capacity of the Mind, Body, and Soul Support Groups and augments the monthly curriculum for african american adults, living in Pittsburg and Bay Point, to include health eating and active physical exercise.
East County Junior Warriors Basketball League	East County Junior Warriors Basketball League	2120 Railroad Avenue Suite 103-320 Pittsburg, CA 94565	\$ 10,000.00	332	Through an organized basketball league the program targets youth between the ages of 8 and 16 and provide them with a safe, supervised environment. The program also provides fitness, peer mentoring, and nutritional counseling.
Eddy Hart All in One Foundation	Eddy Hart All in One Foundation	640 Bailey Rd #170 Pittsburg, CA 94565	\$ 10,000.00	400+	Help youth to improve health conditions, increase their knowledge of good health, increase physical activity, improve understanding of healthy eating habits, and teach the value of maintaining an active life style.
Food Bank of Contra Costa & Solano	Community Produce Program	4010 Nelson Ave Concord, CA 94565	\$ 10,000.00	1,010 households 3534 individuals	Distribute fresh fruits and vegetables in neighborhoods identified by the US Department of Agriculture as food deserts, where healthy food is hard to access.
Greater Faith Food Pantry	Greater Faith Food Pantry	4150 Railroad Ave Pittsburg, CA 94565	\$ 15,000.00	741 families 2,403 family members	Assists any employed, unemployed homeless or hungry in the community by providing a three day supply of food for a family of four. Emergency food provided upon request by contacting the Food Pantry.
Healthy Hearts Institute	El Pueblo Community Garden	8452 N Lake Drive Pittsburg, CA 94565	\$ 10,000.00	10 households	This program will construct a community garden, establish ten garden members, and provide garden training for members.

*Data taken from 2016 Fall Health and Wellness Midterm Reports and will be subject to change upon program completion.



2017 Summer Programs

Organization	Program	Address	Amount Received	Individuals Served	Description
Bay Point Community Foundation	Teen Garden Corp Program	36 Sandview Drive Bay Point, CA 94565	\$ 2,500.00	6	The youth who participate will learn about the importance of nutrition and physical activity and will participate in cooking and gardening demonstrations to develop leadership skills.
Contra Costa Health Ministries	Integrated Nutrition Educational & Physical Activity Program	4464 Lone Tree Way Suite 535 Antioch, CA 94531	\$ 8,877.00	160	This project will provide culturally relevant health promotion and wellness programs in the underserved areas of Pittsburg and Bay Point where African Americans, Latinos, and other underserved persons predominantly reside. The objective is to provide education and support to children and families in communities at risk that can benefit them not only during summer months but also can be replicated in their daily lives.
East County Midnight Basketball League	2017-2018 East County Midnight Basketball League	4654 Aberdeen Court Antioch, CA 94531	\$ 10,000.00	45-60	Through the organized basketball league and organized life skill workshops, the East County Midnight Basketball League utilizes basketball as a tool to help create a positive social change within the community by helping young adults learn how to value education, employment, stable family, and responsibility.
First Baptist Head Start	Training Our Youth Will Ensure a Healthy Community Tomorrow	3890 Railroad Ave Pittsburg, CA 94565	\$ 10,000.00	167	The main objective of the youth training program is to target at-risk youth who face challenges of developing high blood pressure, obesity, and diabetes due to their surroundings and sedentary lifestyles. The program trains students to prepare healthy meals as well as indoor/outdoor physical activities.
Full Stride Track Club	Full Stride Youth Track & Field Club	311 Alta Vista Circle Pittsburg, CA 94565	\$ 5,000.00	47	Provides low cost, positive and healthy athletic activity, which focuses on building the children's self-esteem by facilitating the achievement of numerous goals.



Lou Ann Teixeira
Executive Officer

MEMBERS

Candace Andersen
County Member

Donald A. Blubaugh
Public Member

Federal Glover
County Member

Michael R. McGill
Special District Member

Rob Schroder
City Member

Igor Skaredoff
Special District Member

Don Tatzin
City Member

ALTERNATE MEMBERS

Diane Burgis
County Member

Sharon Burke
Public Member

Tom Butt
City Member

Stanley Caldwell
Special District Member

January 10, 2018
Agenda Item 9

January 10, 2018 (Agenda)

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

Reclamation District 2121 Update

Dear Members of the Commission:

In May and October 2017, the Commission received updates on the status of Reclamation District (RD) 2121, along with an overview of governance options pertaining to the future of this district. For additional background information, please refer to the May 10, 2017 staff report.

In conjunction with the October 2017 update, the Commission appointed a subcommittee composed of Commissioners Burgis, McGill and Skaredoff. The Commission directed the subcommittee to meet with the Bloomfield family and explain the LAFCO concerns and parameters regarding remaining an active independent special district. The Commission requested that the subcommittee report back to the full Commission in January 2018.

DISCUSSION

Background: Since 2004, RD 2121 has struggled with administrative, governance and infrastructure matters. The 2009 and 2015 Municipal Service Reviews (MSRs) recommended dissolution of RD 2121. Consequently, in November 2015, the Commission, by resolution, adopted a zero sphere of influence (SOI) for RD 2121 signaling a future change of organization (e.g., dissolution).

RD 2121 was also reviewed in the 2015 Contra Costa County Grand Jury Report No. 1607 “Delta Levees in Contra Costa County: How Well Do We Protect This Vital Safety System?” This report raised concerns about the condition of the County’s levee system, and associated physical and financial risks.

Further, in January 2017, Contra Costa LAFCO received a letter from the State Controller’s Office (SCO) which identified RD 2121 as an inactive district and a candidate for dissolution.

LAFCO staff shared with RD 2121 the SCO's letter and LAFCO's response. Mr. Bloomfield, RD 2121 Board Member, contacted the LAFCO office and indicated that he was currently looking into State funding opportunities, does not wish for RD 2121 to be dissolved, and wishes to remain an inactive district. That being said, the District acknowledges the following:

- Only a portion of RD 2121 levees meet the State/Federal standards; the District is in the process of a multi-year levee stabilization project.
- RD 2121 lacks formal documents including a Capital improvement Plan (CIP), levee inspection procedures, and/or written inspection reports.
- RD 2121 has no website.
- RD 2121 has no reported expenditures or revenues; nor has the District prepared financial audits or reported its finances to the SCO, as required by law.
- RD 2121 is interested in State or Federal funding in the coming years, but has never applied for these funds.

Subcommittee's Work: On November 1, 2017, the LAFCO subcommittee and staff met with Tom Bloomfield and toured the levee. We learned that RD 2121 was successful in acquiring fill material at little/no cost; and that the District has improved a portion of its levees, which, as reported by the District, now meets/exceeds FEMA standards. RD 2121 acknowledges that it has little/no funding, no assets, no financial documents, is inactive and does not currently function as a public agency.

In conjunction with the meeting/tour, Commissioner Burgis offered to assist RD 2121 with governance matters (e.g., posting meeting agendas, etc.). In addition, Commissioner Skaredoff indicated that the Contra Costa Resource Conservation District could assist RD 2121 with administrative matters (e.g., compliance, financial reporting, etc.).

As a follow-up to the meeting/tour, Commissioner McGill met with Mr. Bloomfield on December 4th, to discuss next steps. On December 12th, the subcommittee met and Commissioner McGill provided a summary of his meeting with Mr. Bloomfield. Commissioner McGill indicated that Mr. Bloomfield would prefer to remain a district so long as it doesn't require a lot of work (e.g., paperwork).

The subcommittee recognizes the importance of reclamation districts in protecting the levees and the Delta. The subcommittee also believes it is important that RD 2121 comply with statutory requirements. If RD 2121 wants to avoid dissolution by LAFCO, under new legislation (SB 448) RD 2121 will need to take actions by the end of this fiscal year to ensure that RD 2121 will not meet the criteria for an "inactive district." An "inactive district" is a special district that has had no financial transactions in the past year, has no assets, and has no outstanding debts, judgments, contracts, or claims. (Gov. Code §56042) If the State Controller's Office (SCO) labels RD 2121 an "inactive district" following the current fiscal year, LAFCO may be required to dissolve the district. (Gov. Code §56879(b), as amended by SB 448.) Further, the table below summarizes basic legal requirements that RD 2121 should consider taking to operate lawfully. The table also includes recommended activities to enhance fiscal responsibility, transparency and good governance. This list is not exhaustive, and RD 2121 trustees will need to determine how to comply with these requirements and recommendations.

Basic Requirements	Recommended
File financial reports with SCO	Maintain a website (posting of meeting agendas on the website is required once website is established)
Prepare financial audits and file audits with the SCO and LAFCO	Adopt bylaws (if adopted, bylaws must be filed with the Clerk-Recorder)
Comply with California Public Records Act	Adopt annual budget
Board Member Ethics Training (AB 1234); maintain training records for at least five years	Prepare a CIP
Comply with Election Code and Reclamation District law for elections and appointments	Prepare formal levee inspection procedures, and/or written inspection reports
Elect a Board President and Secretary	Adopt a reclamation plan
Hold Board meetings	Following approval of a reclamation plan, levy assessments to fund activities in the plan
Prepare and maintain Board meeting minutes	
Comply with competitive bidding and prevailing wage requirements	
Maintain an office and public records	
Comply with Ralph M. Brown Act (i.e., noticing and conduct of public meetings), the Public Records Act, and the Political Reform Act and FPPC regulations	
Maintain and administer oaths of office	
Provide current District officer information to Secretary of State for its roster of public agencies	

RECOMMENDATIONS

As noted above, the “basic requirements” summarized in the table include those the district should implement to operate lawfully. The “recommended” activities, although not legally required, will enhance the District’s fiscal responsibility, transparency and good governance.

The subcommittee recommends that the Commission direct the subcommittee to communicate the required and recommended activities to Mr. Bloomfield, and request that RD 2121 provide an update on these activities by June 30, 2018.

Respectfully submitted,

Diane Burgis, Mike McGill and Igor Skaredoff

c: Tom Bloomfield, RD 2121



Lou Ann Teixeira
 Executive Officer

MEMBERS

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

ALTERNATE MEMBERS

Diane Burgis <i>County Member</i>
Sharon Burke <i>Public Member</i>
Tom Butt <i>City Member</i>
Stanley Caldwell <i>Special District Member</i>

January 10, 2018
 Agenda Item 10

January 10, 2018 (Agenda)

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

Rollingwood Wilart Park Recreation & Park District

Dear Commissioners:

BACKGROUND: In 2010, Contra Costa LAFCO completed a countywide Municipal Service Review (MSR) covering cemetery, park and recreation services. In conjunction with the MSR, LAFCO learned that the Rollingwood Wilart Park Recreation & Park District (RWPRPD) has been struggling for years with service, governance and administrative issues. Specifically, the District provides limited services, has no staff, and Board members are performing administrative and operational functions. Since the late 1990s, the RWPRPD also experienced accountability challenges; lack of public interest and uncontested elections (one contested election in 1979); a significant decrease in facility rentals; no audited financial statements in over 10 years; and lack of capital planning documents and administrative records. The District continues to function with only four board members.

In conjunction with the 2010 MSR, LAFCO deferred the sphere of influence (SOI) update for the RWPRPD and required the District to provide periodic updates. Since 2010, the District has provided one written update and several verbal updates.

Following the LAFCO MSR, in 2012, the Contra Costa County Grand Jury issued a report on the RWPRPD noting the District’s ongoing challenges and deficiencies and recommending that LAFCO dissolve the District.

Since 2012, LAFCO and the County have continued to work with the RWPRPD. The County Treasurer-Tax Collector holds funds for the District, including property taxes; and the County Auditor maintains an account on behalf of the RWPRPD and administers payment of funds at the direction of the District. The District’s primary source of revenue is property tax; facility rental fees are essentially nonexistent. The District’s finances are in order, and the District has no liabilities; the recreation center and land are assets of the District.

LAFCO SPECIAL STUDY: In February 2017, LAFCO completed a special study of the RWPRPD. The special study provides findings and a discussion of governance options.

Major Findings - Major findings identified in the study include the following:

1. The findings of the study support dissolution of the RWPRPD given the District's ongoing challenges
2. Contra Costa County could be the successor in the event of dissolution
3. Rollingwood is within the City of San Pablo's SOI and could be annexed to the City concurrently with dissolution of the RWPRPD without the need for protest proceedings as the Rollingwood area is an island (less than 150 acres)
4. Rollingwood could be added to the City of Richmond's SOI and annexed to Richmond concurrently with dissolution of the RWPRPD

Governance Options – The study also provides a number of governance options, along with advantages, disadvantages, and the LAFCO process associated with each option. A summary of the governance options is provided below.

1. **Maintain the Status Quo** – Maintaining the status quo does **not** appear to be an option as the District has essentially ceased operations. Use of the facility has been minimal over the past several years; and the current Board has shuttered the facility.
2. **Dissolution with Appointment of Successor to Wind-up Affairs** - Dissolution eliminates the District, and its assets/liabilities would revert to a successor agency to wind up District affairs, or possibly assume services. Property tax would be redistributed to other taxing entities, unless the successor agency takes over ownership and operation of the RWPRPD facility. Contra Costa County qualifies as the successor agency, as there are no cities within the District's boundaries. The successor agency assumes a number of responsibilities as discussed in the study. The successor agency receives the assets of the district (e.g., property tax revenue, Rollingwood recreation building and land). The successor agency also assumes any liabilities. RWPRPD currently has no liabilities.
3. **Dissolution and Annexation to the City of San Pablo** – The Rollingwood area is an unincorporated “island” surrounded by the cities of San Pablo and Richmond, and is currently within the City of San Pablo's SOI. Historically, as portions of the RWPRPD service area were annexed to the City of San Pablo, they were detached from RWPRPD, thus reducing the size and revenues of RWPRPD. Annexation to the City of San Pablo would eliminate the island. Following annexation, the City would extend park and recreation services to the Rollingwood community, and would receive various property tax revenues to help support the extension of City services to the area. The City would also receive the Rollingwood Recreation Center, which the City could use or sell.
4. **Dissolution and Annexation to the City of Richmond** - This option would first require an amendment to Richmond's SOI to include Rollingwood, and a corresponding amendment to the City of San Pablo's SOI to remove Rollingwood. Then, LAFCO could simultaneously dissolve the District and annex the territory to the City of Richmond.
5. **Consolidation of RWPRPD with County Service Area (CSA) R-9** - CSA R-9, which is staffed by the County Public Works Department, is contiguous to RWPRPD. The CSA provides park facility operation and maintenance in the unincorporated community of El Sobrante. The 2010 Parks and Recreation MSR considered governance options that included

consolidation of RWPRPD with CSA R-9. However, CSA R-9 was also determined to be a candidate for dissolution due to the finding that “CSA R-9 has no regular source of financing, lacks public interest to fill advisory committee positions, and provides minimal services at a less than adequate service level.” For these reasons, consolidation with CSA R-9 is **not** considered a viable option.

6. **Reorganization of RWPRPD as a Subsidiary District to the City of San Pablo** – The 2010 Parks and Recreation MSR considered the option of RWPRPD as a subsidiary district to the City of San Pablo. However, establishing a subsidiary district would not be possible until at least 70 percent of the land area and registered voters in Rollingwood are annexed to the City. A subsidiary district would also entail additional management and accounting by the City to manage the subsidiary district. For these reasons listed above, creation of a subsidiary district is **not** considered a viable alternative.

Of the six governance options included in the special study, three are not viable. The two most feasible options include 1) dissolving the RWPRPD and naming the County as successor to wind up the affairs, and 2) annexing the Rollingwood community to the City of San Pablo, whereby the City would assume services to the area, including parks and recreation. While LAFCO has authority to dissolve the RWPRPD and name a successor agency to wind up the affairs of the District, LAFCO does not have the authority to initiate an annexation. Annexations can be initiated by resolution of an affected local agency (i.e., city, county, district), or by a petition of affected landowners or registered voters.

In conjunction with the special study, the consultant and LAFCO staff met with the San Pablo City Council’s Economic Development/Project Management Standing Committee; and subsequently attended a San Pablo City Council meeting. The City acknowledged that it has a need for additional recreational facilities. City staff conducted an inspection of the Rollingwood recreation center and found the building to be structurally sound, restrooms in good shape, the interior including the kitchen needs rehabilitation, some ADA compliance improvements are needed, and the parking lot needs attention and may not provide an adequate number of parking spaces.

On February 6, 2017, the San Pablo City Council adopted a resolution acknowledging LAFCO’s special study of the RWPRPD and the governance options including dissolution of the District, and approved funding for an analysis and evaluation by the City as a potential successor agency.

In response to request by LAFCO staff regarding the status of the City’s evaluation, LAFCO received a letter from the City on November 7, 2017 (Attachment 1). As indicated in the letter, on November 6, 2017, the San Pablo City Council voted to suspend its analysis and evaluation of San Pablo being a potential successor agency for the RWPRD. As an alternative, the City is potentially interested in the asset disposition of the RWPRD multi-purpose facility. The City indicates that *annexation or acquisition of this property would be potentially beneficial to the City as a recreation use facility to supplement the City’s current community services and recreation programs in the vicinity of the former RWPRD service area due to its close proximity to San Pablo’s municipal boundary.* The RWPRPD facility is contiguous to the City of San Pablo’s municipal boundary, and is located within the City’s SOI. Therefore, if feasible, the City would like to explore with LAFCO the potential annexation and acquisition of the property.

OPTIONS/NEXT STEPS: As noted above, the LAFCO special study identifies several governance options including 1) dissolving the district and naming the County as successor agency to wind-up the District's affairs, and 2) annexing the Rollingwood community to the City of San Pablo. The City of San Pablo has suspended its evaluation of being a potential successor agency for the RWPRD due in part to financial limitations and other priorities. Thus, it appears that annexation of the Rollingwood community, and being successor to the RWPRPD is not a feasible option for the City of San Pablo, at least at this time.

In 2012, LAFCO identified the Rollingwood area as a small island (under 150 acres) which can be annexed to the City of San Pablo without a protest hearing. Annexation of the RWPRPD facility only is not an option identified in the special study, nor does this option further LAFCO's mission of facilitating logical and orderly service boundaries and eliminating islands.

The RWPRPD has struggled for many years. In 2016, the RWPRPD closed its doors. The District has remained inactive and the building is no longer in use. The District supports dissolution, which is a feasible option. That being said, the City of San Pablo is not precluded from applying to LAFCO in the future to annex all or a portion of the Rollingwood community. Further, should the RWPRPD be dissolved, and the County be named successor to wind up the affairs of the District, the City San Pablo can consult with the County as to the potential acquisition of the District's facility.

ALTERNATIVES FOR COMMISSION ACTION: After consideration of this report and any additional materials submitted, the Commission should consider taking one of the following actions:

Option 1 Adopt a resolution initiating dissolution and naming the County as successor agency (Attachment 2), and direct LAFCO staff to work with the County on a succession plan subject to future consideration by the Commission. This is consistent with LAFCO law as Government Code §57451(b)] provides that "*For the purpose of winding up the affairs of a dissolved district...if the territory of a dissolved district is located entirely within the unincorporated territory of a single county, the county is the successor.*"

Option 2 If the Commission needs more information, CONTINUE this matter to a future meeting.

RECOMMENDED ACTION: Option 1.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachments:

- 1 - November 7, 2017 Letter from City of San Pablo
- 2 - Draft LAFCO Resolution Initiating Dissolution of the RWPRPD

c: Distribution

November 7, 2017



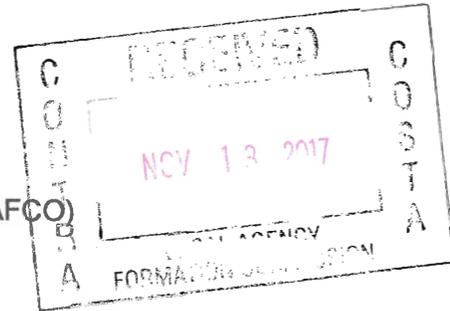
CITY OF SAN PABLO
City of New Directions



2014

E-TRANSMITTAL/U.S. REGULAR MAIL

Ms. Lou Ann Texeira,
Executive Officer
Contra Costa Local Agency Formation Commission (LAFCO)
651 Pine St #6
Martinez, CA 94553



**Re: ROLLINGWOOD WILDART RECREATION PARK DISTRICT (RWRPD) –
SUCCESSOR AGENCY ANALYSIS BY CITY OF SAN PABLO**

Dear Ms. Texeira:

On February 6, 2017, the San Pablo City Council adopted Resolution #2017-027 following a presentation by LAFCO officials and acceptance of findings from the Special Study on the governance options for RWRPD as prepared by LAFCO's consultant, Berkson & Associates (Berkson Study Report).

Following this action, City staff were directed to proceed with analysis and evaluation of the City serving as a potential successor agency for RWRPD as identified in the Berkson Report. On November 6, 2017, the San Pablo City Council received an update on the status of the analysis and evaluation by City staff. Following this update, I have been directed to transmit this correspondence to LAFCO officials.

Initially, the City identified a list of preliminary issues of concern with regard to potentially naming the City of San Pablo as a potential successor agency for the RWRPD. To date, the City has not been successful in addressing all of these concerns to warrant a recommendation to proceed with the City of San Pablo as successor agency to RWRPD at this time. Additionally, specific information is still needed from Contra Costa County to complete a full evaluation in a timely manner. The City is limited in its financial capacity and risk assessment in order to proceed with a beneficial financial analysis that would support the City as a potential successor agency for RWRPD, with resources re-directed for other City priorities at this time.

These outstanding concerns remain, included but not limited to, the following:

- Master Tax Sharing Agreement with Contra Costa County
- CEQA Environmental Review
- Cost and Benefit Analysis on Service Issues and Impact to City's General Fund
- Risk Assessment of Deferred Maintenance of County-owned infrastructure within current RWRPD boundaries
- Survey of RWRPD residents of City as Successor Agency
- Review of Assets and Liabilities for RWRPD facilities and County infrastructure

13831 San Pablo Avenue, Building I • San Pablo, CA 94806

Main: 510-215-3000 • Direct: 510-215-3001 • Fax: 510-215-3011

www.SanPabloCA.gov

Ms. Lou Ann Texeira,
Executive Officer
Contra Costa Local Agency Formation Commission (LAFCO)
November 7, 2017
Page 2

- Future Capital Investment into RWRPD Facility to meet applicable ADA and Building Code Requirements
- Other Legal Services as Required

Due to these ongoing challenges and concerns, the City Council approved by minute action to suspend the City's efforts to evaluate the City as a potential successor agency to RWRPD at this time. While the City certainly respects the LAFCO Commission's role and responsibility to proceed with final dissolution of the RWRPD given the District's current state of affairs, the City of San Pablo does not support the recommendation in the Berkson Report naming the City of San Pablo as a successor agency as a foreseeable option at this time, or in the near future.

RWRPD Multi-Purpose Facility (APN: 416-074-004)

Location: 2395 Greenwood Drive, San Pablo (Unincorporated San Pablo, 94806)

As a potential alternative, the City of San Pablo is potentially interested in the asset disposition of the RWRPD Multi-purpose Facility (APN: 416-074-004), located at 2395 Greenwood Drive, in unincorporated County adjacent to the San Pablo city limit. Potential annexation or acquisition of this parcel from RWRPD would be potentially beneficial to the City as a recreation use facility to supplant and supplement the City's current community services and recreation programs in the vicinity of the former RWRPD service area due to its close proximity to San Pablo's municipal boundary. Moreover, the City understands that this County parcel is contiguous to the City of San Pablo municipal boundary, and is located within the City's adopted Sphere of Influence (SOI) boundary as approved by LAFCO for its potential consideration (See Attachments). Therefore, if potentially feasible, the City would like to explore potential annexation and acquisition with LAFCO officials at this time.

Should you have any questions regarding this matter, please contact me at (510) 215-3016 or via email at: MattR@SanPabloCa.gov.

Thank you for the opportunity to provide this information for LAFCO Commission consideration.

Sincerely:

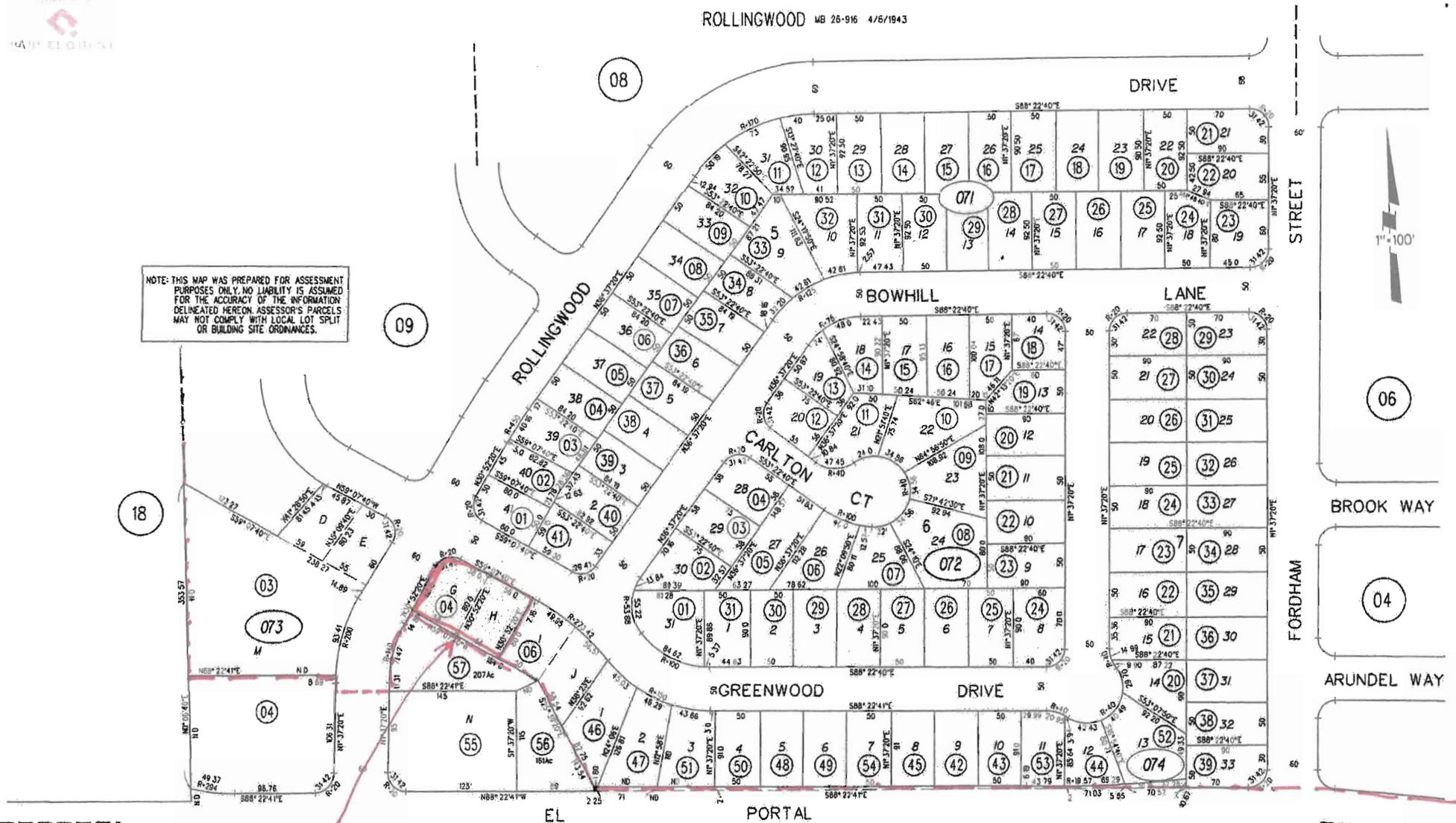


Matt Rodriguez,
City Manager

Attachment: RWRPD Multi-Purpose Facility/Map Information (APN: 416-074-004)

cc: San Pablo Mayor and Councilmembers
City Attorney
Assistant City Manager
Community Services Director
Development Services Director

NOTE: THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE INFORMATION DELINEATED HEREON. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL LOT SPLIT OR BUILDING SITE ORDINANCES.



18

09

08

06

04

073

04

04

06

55

56

57

46

47

51

50

49

54

45

42

43

53

44

13

52

38

32

39

33

074

071

072

073

074

57

Apn: # 416-074-004

--- SAN PABLO MUNICIPAL BOUNDARY

10

071

072

073

074

57

8/26/08



23011

© 2017 Google

© 2009 Google

RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION TO INITIATE PROCEEDINGS FOR DISSOLUTION OF THE ROLLINGWOOD WILART PARK RECREATION AND PARK DISTRICT (RWPRPD) AND APPOINTING CONTRA COSTA COUNTY AS SUCCESSOR AGENCY TO WIND UP THE AFFAIRS OF THE RWPRPD

WHEREAS, the Commission desires to initiate a proposal pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act), commencing with section 56000 of the California Government Code, for the dissolution of the RWPRPD and appointment of Contra Costa County as successor agency to wind up the affairs of the RWPRPD pursuant to Government Code §57451(b); and

WHEREAS, in accordance with Government Code §56375(a)(3), LAFCO may initiate a dissolution if it is consistent with a recommendation or conclusion of a study prepared pursuant to Government Code §56378, 56425 or 56430, and LAFCO makes the determinations specified in §56881(b); and

WHEREAS, on February 8, 2017, the Commission accepted the *Special Study of Governance Options: Rollingwood Wilart Park Recreation and Park District Governance Options*; and

WHEREAS, dissolution of the RWPRPD is consistent with the findings and conclusions of the special study; and

WHEREAS, this proposed dissolution is being initiated because, for many years, the RWPRPD has suffered from financial, operational and governance challenges. According to the special study, since the late 1990s, the District has experienced accountability challenges; lack of public interest and contested elections; a significant decrease in facility rentals; no audited financial statements in over 10 years; and lack of capital planning documents and administrative records; and

WHEREAS, pursuant to Government Code §57451(b), for the purpose of winding up the affairs of a dissolved district, if the territory of a dissolved district is located entirely within the unincorporated territory of a single county, the county is the successor; and

WHEREAS, pursuant to Government Code §56886, terms and conditions relating to the proposed dissolution and appointment of Contra Costa County as the successor agency to wind up the affairs of the RWPRPD will be developed as part of LAFCO's proposal; and

WHEREAS a map of the affected territory is set forth in Exhibit A, attached hereto and by reference incorporated herein; and

WHEREAS, the LAFCO Executive Officer shall be designated as the contact person for this proposal; and

WHEREAS, the Commission determined, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that the proposed dissolution is exempt under §15320 of the CEQA Guidelines, and direct staff to file a Notice of Exemption.

NOW, THEREFORE, this resolution is hereby adopted by Contra Costa LAFCO to initiate proceedings for dissolution of the Rollingwood Wilart Park Recreation and Park District and appointment of Contra Costa County as successor agency to wind up the affairs of the RWPRPD in the manner provided by the CKH Act.

PASSED AND ADOPTED this 10th day of January 2018

AYES:

NOES:

ABSTENTIONS:

ABSENT:

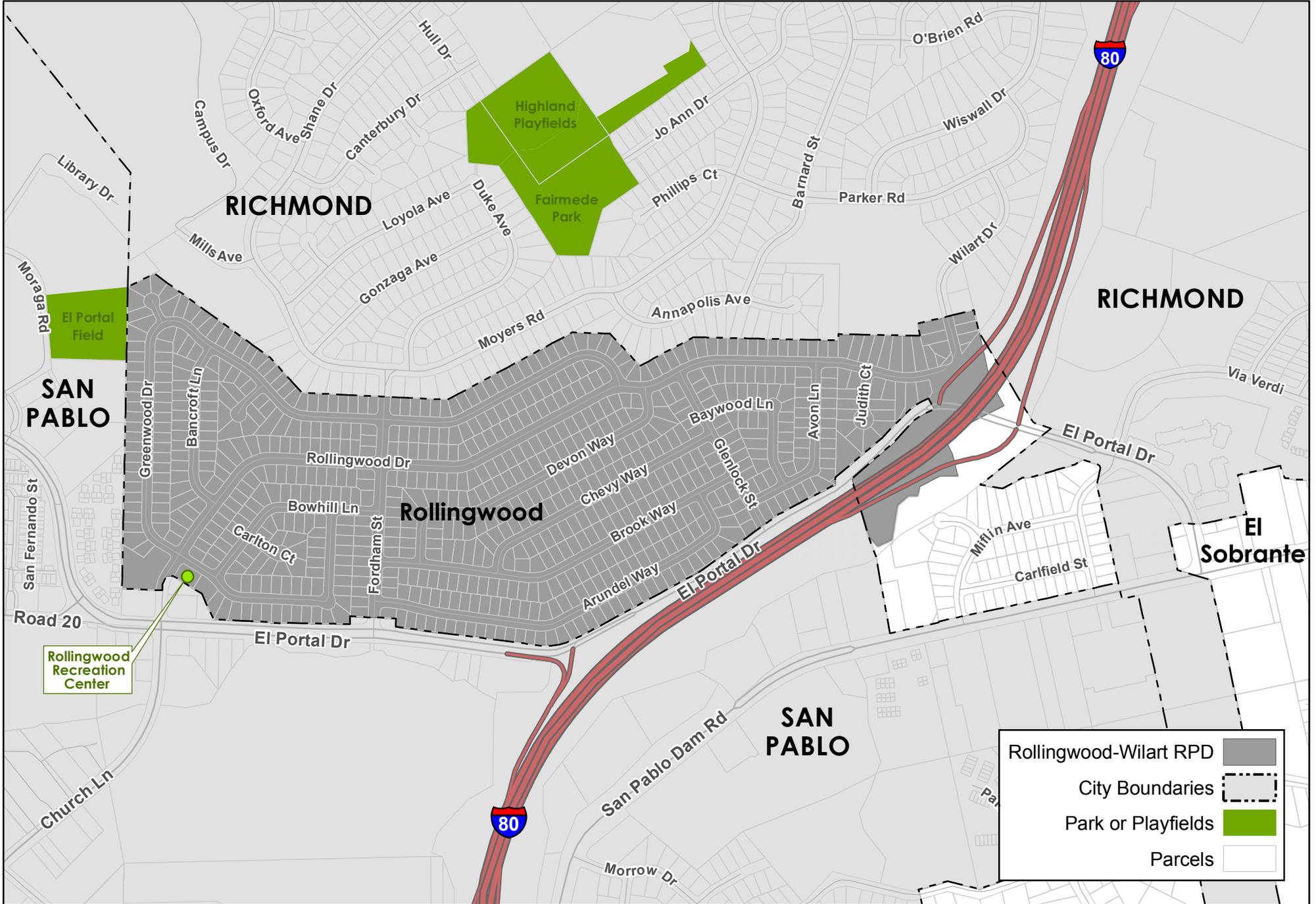
CHAIR, CONTRA COSTA LAFCO

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

Dated: January 10, 2018

Lou Ann Texeira, Executive Officer

Rollingwood-Wilart Recreation and Park District



Map created 12/01/2016
 by Contra Costa County Department of
 Conservation and Development, GIS Group
 30 Muir Road, Martinez, CA 94553
 37:59:41.791N 122:07:03.756W

This map or dataset was created by the Contra Costa County Department of Conservation and Development with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.

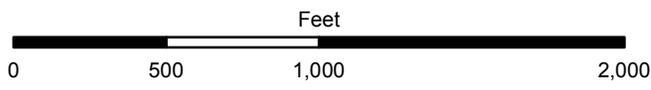


Exhibit A





Lou Ann Texeira
Executive Officer

MEMBERS

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

ALTERNATE MEMBERS

Diane Burgis <i>County Member</i>
Sharon Burke <i>Public Member</i>
Tom Butt <i>City Member</i>
Stanley Caldwell <i>Special District Member</i>

January 10, 2018
Agenda Item 11

January 10, 2018 (Agenda)

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

Policies and Procedures Committee Appointment

Dear Commissioners:

In November 2017, Commissioner Burke announced her resignation from Contra Costa LAFCO effective January 1, 2018. Since 2012, Commissioner Burke has served with Commissioner Tatzin as a member of the LAFCO Ad Hoc Policies and Procedures Committee.

In the upcoming year, the Committee will work on updating the Commission’s policies and procedures. We anticipate revisions and additions to the Commission’s Policies and Procedures, including, but not limited to, the following:

- Spheres of Influence
- Disadvantaged Communities
- Procedures for Processing Multi County Boundary Changes
- CALAFCO
- Environmental Guidelines

RECOMMENDATION - It is recommended that the Commission appoint one Commissioner to the Ad Hoc Policies and Procedures Committee.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER



Lou Ann Texeira
 Executive Officer

MEMBERS

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

ALTERNATE MEMBERS

Diane Burgis <i>County Member</i>
Sharon Burke <i>Public Member</i>
Tom Butt <i>City Member</i>
Stanley Caldwell <i>Special District Member</i>

January 10, 2018

January 10, 2018
 Agenda Item 12

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

Second Quarter Budget Report - Fiscal Year 2017-18

Dear Members of the Commission:

This is the second quarter budget report for FY 2017-18, which compares adopted and actual expenses and revenues for the period July 1, 2017 through December 31, 2017.

The LAFCO operating budget includes three components: *salaries/benefits*, *services/supplies*, and *contingency reserve* and *OPEB Trust* and *CCCERA* fund. The budget is based on the “bottom line,” which allows for variation within line item accounts as long as 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 May 10, 2017, LAFCO adopted its final FY 2017-18 budget with total appropriations of \$945,210, which includes an \$80,000 contingency/reserve fund, a contribution of \$40,000 to fund the Other Post-Employment Benefits (OPEB) liability, and a contribution of \$30,000 to pre-fund LAFCO’s retirement account with the Contra Costa County Employees’ Retirement Association (CCCERA).

With 50% of the fiscal year elapsed, the Commission’s second quarter expenditures total \$394,021 or approximately 42% of total appropriations. The Commission budgeted \$404,370 in *salaries/benefits* for FY 2017-18; and at the end of the second quarter, actual expenses total \$208,890 or 52% of the total budgeted amount. The Commission budgeted \$390,840 in *services/supplies*; and at the end of the second quarter, actual expenses total \$115,131 or 30%. The \$30,000 payment toward the CCCERA liability was made in the first quarter; the \$40,000

payment toward the OPEB liability was made in the second quarter; and no funds have been expended from the contingency/reserve fund.

The primary sources of revenues include local agency contributions, application fees, and interest earnings. Total revenues received through the second quarter are \$965,469 (including fund balance) or 102% of projected revenues. All local agencies have paid their prorated contributions to the LAFCO budget.

As for application fees, FY 2017-18 application activity significantly exceeds FY 2016-17 activity. Through the second quarter of FY 2017-18, LAFCO received eight new applications, compared to two applications received through the second quarter of FY 2016-17.

LAFCO receives interest earnings through its OBEP and CCCERA accounts. LAFCO is currently not investing funds through the County Treasury due to low interest earnings.

Finally, when available, we budget fund balance to offset agency contributions. The FY 2017-18 budget includes \$170,000 in budgeted fund balance. See table below for a budget summary.

Account	FY 2017-18 Final Budget	Second Quarter Actuals
Salaries & Benefits	\$404,370	\$208,890
Services & Supplies	390,840	\$115,131
Contingency/Reserve	80,000	0
OPEB Trust	40,000	\$ 40,000
CCCERA Pre-Fund	30,000	\$ 30,000
Total Appropriations	\$945,210	\$394,021
Agency Contributions	\$755,210	\$755,210
Application/Other Revenue	20,000	\$40,259
Interest Earnings	-	-
Fund Balance	170,000	170,000
Total Revenues	\$945,210	\$965,469

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 2017-18 second quarter budget report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER



Lou Ann Texeira
Executive Officer

MEMBERS

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

ALTERNATE MEMBERS

Diane Burgis <i>County Member</i>
Sharon Burke <i>Public Member</i>
Tom Butt <i>City Member</i>
Stanley Caldwell <i>Special District Member</i>

January 10, 2018
Agenda Item 13

January 10, 2018 (Agenda)

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

**Special District Risk Management Authority (SDRMA)
Workers' Compensation Resolution**

Dear Commissioners:

Contra Costa LAFCO is a member of Special District Risk Management Authority (SDRMA) and purchases its workers' compensation and property/liability insurance through the Authority. In December, LAFCO received a letter from SDRMA requesting members to adopt a resolution in order to continue covering governing body members and/or volunteers (Attachment 1).

Pursuant to the California Labor Code, governing body members and volunteers are deemed to be employees for workers compensation purposes, as explained in the attached letter (Attachment 2).

Under LAFCO's current agreement with SDRMA, Commissioners are considered employees for workers compensation purposes, and are currently covered. Adoption of the resolution reflects current coverage and will not result in any increased costs.

Recommendation: It is recommended that the Commission approve the resolution confirming workers compensation coverage for Commissioners; or provide other direction as desired.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachments

- 1 Draft Resolution Declaring That Governing Body Members and Volunteers Shall be Deemed to be Employees of LAFCO for the Purpose of Providing Workers' Compensation Coverage for Said Certain Individuals While Providing Their Services
- 2 SDRMA Letter

RESOLUTION NO. 2018-01

**RESOLUTION OF THE GOVERNING BODY OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION,
DECLARING THAT GOVERNING BODY MEMBERS AND VOLUNTEERS SHALL BE DEEMED TO BE
EMPLOYEES OF THE DISTRICT FOR THE PURPOSE OF PROVIDING WORKERS' COMPENSATION
COVERAGE FOR SAID CERTAIN INDIVIDUALS WHILE PROVIDING THEIR SERVICES**

WHEREAS, the Contra Costa Local Agency Formation Commission (LAFCO) utilizes the services of Governing Body Members and Volunteers; and

WHEREAS, Section 3363.5 of the California Labor Code provides that a person who performs voluntary service for a public agency as designated and authorized by the Governing Body of the agency or its designee, shall, upon adoption of a resolution by the Governing Body of the agency so declaring, be deemed to be an employee of the agency for the purpose of Division 4 of said Labor Code while performing such services; and

WHEREAS, the Governing Body wishes to extend Workers' Compensation coverage as provided by State law to the following designated categories of persons as indicated by a checkmark in the box to the left of the descriptions:

- All Members of the Governing Body of the Contra Costa LAFCO as presently or hereafter constituted and/or
- All persons performing voluntary services without pay other than meals, transportation, lodging or reimbursement for incidental expenses
- Individuals on Work-study programs
- Interns
- Other Volunteers
- _____
[designate]

NOW, THEREFORE, BE IT RESOLVED, that such persons coming within the categories specified above, including the duly elected or appointed replacements of any Governing Body Member and other designated individuals be deemed to be employees of the Contra Costa LAFCO for the purpose of Workers' Compensation coverage as provided in Division 4 of the Labor Code while performing such service. However, said Governing Body Members and other designated individuals will not be considered an employee of the Contra Costa LAFCO for any purpose other than for such Workers' Compensation coverage, nor grant nor enlarge upon any other right, duty, or responsibility of such Governing Body Members or other designated individuals, nor allow such persons to claim any other benefits or rights given to paid employees of the Contra Costa LAFCO.

PASSED, APPROVED AND ADOPTED THIS 10TH day of January 2018, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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: January 10, 2018

Lou Ann Teixeira, Executive Officer

November 30, 2017

Ms. Kathryn Sibley
Executive Assistant
Contra Costa Local Agency Formation Commission
651 Pine Street, 6th Floor
Martinez, California 94553-1229



Re: Workers' Compensation Resolution for Governing Body Member and/or Volunteer Coverage

Dear Ms. Sibley,

Recently our excess carrier has made us aware that SDRMA Workers' Compensation (WC) members need to pass a **new Resolution** if they would like to continue (or start) covering their Governing Body members and/or volunteers.

Section 3363.5 of the California Labor Code provides that a person who performs voluntary service for a public agency as designated and authorized by the Governing Body of the agency or its designee, shall, upon adoption of a Resolution by the Governing Body of the agency so declaring, be deemed to be an employee for workers' compensation purposes. Thus, if such a resolution is adopted, and the volunteer is injured while performing duties for the agency, the volunteer is entitled to receive workers' compensation benefits and their exclusive remedy for recovery against the agency is through the Workers' Compensation system.

Such Governing Body members and/or volunteers may be covered for workers' compensation benefits only if a Resolution to that effect is adopted by the Governing Body pursuant to Labor Code § 3363.5 and a copy of the Resolution is filed with SDRMA.

A new Resolution (see attached) has been created by our coverage counsel. The Resolution permits your Governing Body to designate the various categories of persons who the agency desires to "deem" to be employees for purposes of workers' compensation. It declares, on a blanket basis, that the designated categories of volunteers are deemed employees and those categories consist of Governing Body Members, persons performing voluntary service, persons on work study, interns, and other volunteers. In addition, those so designated persons also need to be listed under our Workers' Compensation Program (which includes paying an annual contribution amount) to enable coverage.

When using the sample Resolution provided, please do not make any changes other than the areas highlighted in yellow. **To ensure accurate and timely implementation of your Resolution, please return your Governing Body approved Workers' Compensation Resolution as soon as possible by fax or email.** A Microsoft Word version of the sample Resolution can be downloaded at <http://www.sdrma.org/program-coverages/workers-compensation-program>. If your agency has any questions please contact Ellen Doughty, Chief Member Services Officer, at 800.537.7790 or edoughty@sdrma.org.

Sincerely,
Special District Risk Management Authority


Gregory S. Hall, ARM
Chief Executive Officer

Enclosures: Sample Resolution for Covering Governing Body and/or Volunteers



Lou Ann Teixeira
Executive Officer

MEMBERS

Candace Andersen
County Member

Donald A. Blubaugh
Public Member

Federal Glover
County Member

Michael R. McGill
Special District Member

Rob Schroder
City Member

Igor Skaredoff
Special District Member

Don Tatzin
City Member

ALTERNATE MEMBERS

Diane Burgis
County Member

Sharon Burke
Public Member

Tom Butt
City Member

Stanley Caldwell
Special District Member

January 10, 2018 (Agenda)

January 10, 2018
Agenda Item 14

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

Executive Officer’s Performance Review and Compensation

Dear Members of the Commission:

DISCUSSION

The Commission met on December 13, 2017 in Closed Session to discuss staff performance.

Thereafter, Chair Blubaugh and Vice Chair McGill met with the Executive Officer to discuss her performance review and recommendation as summarized in the attached memo.

Thank you for your consideration of the recommendation.

RECOMMENDATION

Consider the recommendation per the attached memo.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachment

MEMORANDUM

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
651 Pine Street, Sixth Floor ♦ Martinez CA 94553 ♦ (925) 335-1094 ♦ Fax (925) 646-1228

January 10, 2018

TO: Members of the Commission

FROM: Chair Blubaugh and Vice Chair McGill

SUBJECT: Executive Officer's Compensation

The Commission met in Closed Session on December 13, 2017, to discuss Executive Officer Lou Ann Texeira's performance evaluation.

The Chair and Vice Chair subsequently met with the Executive Officer to provide input regarding her performance review. During that meeting we expressed to the Executive Officer the comments from the Commission as to the exceptional work being performed by the Executive Officer.

It is recommended that the Commission approve a 3.5% increase to the Executive Officer's base salary effective 1/1/18.

CALAFCO Daily Legislative Report as of Wednesday, January 03, 2018

January 10, 2018
 Agenda Item 16a

1

[AB 464](#) ([Gallagher R](#)) Local government reorganization.

Current Text: Chaptered: 7/10/2017 [html](#) [pdf](#)

Introduced: 2/13/2017

Last Amended: 3/14/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter 43, Statutes of 2017.

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

Summary:

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

Attachments:

[CALAFCO Letter Requesting Governor Signature](#)

[CALAFCO Letter of Support April 2017](#)

Position: Sponsor

Subject: Annexation Proceedings

CALAFCO Comments: This bill makes a fix to Gov. Code Sec. 56653 based on the court finding in the case of The City of Patterson v. Turlock Irrigation District. The court found that because the services were already being provided via an out of area service agreement, the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending/future annexation for a territory that is already receiving services via an out of area service agreement will not be in jeopardy.

As amended, corrections were made to: 56653(b)(3) reading "proposed" rather than "provided", and in Government Code Section 56857 an exemption added pursuant to Public Utilities Code Section 9608 for territory already receiving electrical service under a service area agreement approved by the Public Utilities Commission pursuant to Public Utilities Code Section 9608.

[AB 979](#) ([Lackey R](#)) Local agency formation commissions: district representation.

Current Text: Chaptered: 9/1/2017 [html](#) [pdf](#)

Introduced: 2/16/2017

Last Amended: 5/15/2017

Status: 9/1/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter 203, Statutes of 2017.

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 provides for the selection of representatives of independent special districts on each local agency formation commission by an independent special district selection committee pursuant to a nomination and election process. This bill would additionally require the executive officer to call and hold a meeting of the special district selection committee upon the adoption of a resolution of intention by the committee relating to proceedings for representation of independent special districts upon the commission pursuant to specified law.

Attachments:

[CALAFCO Request Governor Signature August 2017](#)
[CALAFCO Sponsor/Support Letter April 2017](#)

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This bill is co-sponsored by CALAFCO and CSDA. As amended, the bill amends code Sec. 56332.5 to streamline the process of seating special districts on LAFCo by mirroring current statute 56332 (the process for electing special district representatives into the special district seats). Keeping the process voluntary, it allows for voting by mail whether or not the district wants to have special districts represented on LAFCo. Further, it will allow for the consolidation of that question with the independent special district selection committee appointment to a countywide redevelopment agency oversight board pursuant to Health and Safety Code 34179 (j)(3).

AB 1361 ([Garcia, Eduardo D](#)) **Municipal water districts: water service: Indian tribes.**

Current Text: Chaptered: 10/3/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 9/8/2017

Status: 10/3/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter 449, Statutes of 2017.

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

Summary:

The Municipal Water District Law of 1911 provides for the formation of municipal water districts and grants to those districts specified powers. Current law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Current law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. This bill would authorize a district to apply to the applicable local agency formation commission to provide this service of water to Indian lands, as defined, that are not within the district.

Attachments:

[CALAFCO Oppose letter 09_01_17](#)

[CALAFCO Oppose letter 07_12_17](#)

Position: Oppose

Subject: Water

CALAFCO Comments: As amended, this bill allows water districts to provide service to an Indian tribe's lands that are not within the district boundaries without going through the current statutory process of approval by the local agency formation commission (LAFCo). Amendments were taken by the author during the Senate Governance and Finance Committee hearing July 19 that include LAFCo's ability to apply certain terms and conditions to the application by the water agency and limits the land to be served to lands in trust. However, CALAFCO still has a number of concerns and will continue to work with the author and sponsor.

AB 1725 ([Committee on Local Government](#)) **Local agency formation.**

Current Text: Chaptered: 9/28/2017 [html](#) [pdf](#)

Introduced: 3/20/2017

Last Amended: 7/20/2017

Status: 9/28/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter 353, Statutes of 2017.

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 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified. The act defines various terms for these purposes, including the term "contiguous," which the act defines as territory adjacent to territory within the local agency. This bill would instead define "contiguous" as

territory that abuts or shares a common boundary with territory within a local agency.

Attachments:

- [CALAFCO Letter Requesting Governor Signature](#)
- [CALAFCO Letter of Support April 2017](#)

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This is the annual Omnibus bill. The bill makes only minor, non-substantive technical changes to CKH.

SB 37 (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 12/5/2016 [html](#) [pdf](#)

Introduced: 12/5/2016

Status: 5/26/2017-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/25/2017)(May be acted upon Jan 2018)

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

Summary:

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017–18 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Attachments:

- [CALAFCO Support Letter Feb 2017](#)

Position: Support

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: This bill is identical to SB 817 (Roth, 2016), SB 25 (Roth, 2015) and SB 69 (Roth, 2014) with the exception of the chaptering out language included in the 2016 version (which addressed the companion bill AB 2277 (Melendez, 2016)). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2017/18 year for cities that incorporated between 1-1-2004 and 1-1-2012.

SB 448 (Wieckowski D) Local government: organization: districts.

Current Text: Chaptered: 9/27/2017 [html](#) [pdf](#)

Introduced: 2/15/2017

Last Amended: 7/17/2017

Status: 9/27/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter 334, Statutes of 2017.

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

Summary:

Current law requires a report of an audit of a special district's accounts and records made by a certified public accountant or public accountant to be filed with the Comptroller and the county auditor of the county in which the special district is located within 12 months of the end of the fiscal year or years under examination. This bill would instead require special districts defined by a specified provision to file those audit reports with the Comptroller and special districts defined by another specified provision to file those audit reports with the Comptroller and with the local agency formation commission of either the county in which the special district is located or, if the special district is located in 2 or more counties, with each local agency formation commission within each county in which the district is located.

Attachments:

[CALAFCO Support Letter July 2017](#)
[CALAFCO Oppose Unless Amended Letter](#)

Position: Support

Subject: CKH General Procedures

CALAFCO Comments: As amended on July 17, this bill authorizes LAFCo to dissolve inactive districts (after determining they meet the criteria set forth in the statute) by holding one hearing, without conducting a special study and with the waiver of protest proceedings. The State Controller is required to notify LAFCo when a district is inactive. LAFCo then has 90 days to initiate dissolution, and another 90 days in which to hold the hearing to dissolve. Should the LAFCo determine the district does not meet the criteria, no dissolution occurs and LAFCo notifies the Controller the district is not inactive. Should the LAFCo determine the district does meet the criteria then it is ordered to be dissolved. The bill also requires a district to provide LAFCo with their audits at the same time they provide them to the Controller.

All of our issues have been resolved with the current version and as a result our position has been changed from Oppose Unless Amended to Support.

3

[AB 267](#) ([Waldron R](#)) Community services districts.

Current Text: Introduced: 2/1/2017 [html](#) [pdf](#)

Introduced: 2/1/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/1/2017)(May be acted upon Jan 2018)

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

Summary:

Current law provides for the organization and powers of community services districts, including the continuation of any community services district, improvement district of a community services district, or zone of a community services district, that was in existence on January 1, 2006. This bill would make nonsubstantive changes to these provisions.

Position: Watch

CALAFCO Comments: According to the author's office this is a spot bill.

[AB 548](#) ([Steinorth R](#)) Omnitrans Transit District.

Current Text: Amended: 4/4/2017 [html](#) [pdf](#)

Introduced: 2/14/2017

Last Amended: 4/4/2017

Status: 4/28/2017-Failed Deadline pursuant to Rule 61(a)(2). (Last location was TRANS. on 3/23/2017)(May be acted upon Jan 2018)

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

Summary:

Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and unspecified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district.

Position: None at this time

CALAFCO Comments: This bill, as amended, appears to dissolve the Omnitrans JPA and form a new independent special district to be known as the Omnitrans Transit District. The formation process does not include LAFCo. CALAFCO is reaching out to the author's office for more details.

[AB 577](#) ([Caballero D](#)) Disadvantaged communities.

Current Text: Amended: 3/9/2017 [html](#) [pdf](#)

Introduced: 2/14/2017

Last Amended: 3/9/2017

Status: 3/13/2017-Re-referred to Com. on E.S. & T.M. (Set for Hearing on 1/9/2018)

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

Calendar:

1/9/2018 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary:

Current law defines a disadvantaged community as a community with an annual median household income that is less than 80% of the statewide annual median household income for various purposes, that include, but are not limited to, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, eligibility for certain entities to apply for funds from the State Water Pollution Cleanup and Abatement Account, and authorization for a community revitalization and investment authority to carry out a community revitalization plan. This bill would expand the definition of a disadvantaged community to include a community with an annual per capita income that is less than 80% of the statewide annual per capita income.

Position: Watch

Subject: Disadvantaged Communities

CALAFCO Comments: Sponsored by the Environmental Justice Coalition for Water, this bill is intended to expand the definition of disadvantaged communities to include multi-family households. According to the author's office this will be a two-year bill. CALAFCO will retain a Watch position until any amendments are in print.

AB 645 (Quirk D) Local government: organization: dissolution.

Current Text: Introduced: 2/14/2017 [html](#) [pdf](#)

Introduced: 2/14/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/2/2017)(May be acted upon Jan 2018)

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

Summary:

Under current law, if a change of organization consists of a dissolution, the commission is required to order the dissolution subject to confirmation of voters if, among other things, the proposal was not initiated by the commission and if a subject agency has not objected to the proposal, the commission has found that, for an inhabited territory protests have been signed by either 25% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 25% of the voters entitled to vote as a result of residing or owning land within the affected territory. This bill would decrease that threshold to 10% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 10% of the voters entitled to vote as a result of residing or owning land within the affected territory.

Position: Watch

Subject: CKH General Procedures, Disincorporation/dissolution, Special District Consolidations

CALAFCO Comments: According to the author's office this is a spot bill pending the outcome of the Alameda LAFCo special study on Eden Healthcare District. Update: The author's office indicates they will hold off moving this bill. CALAFCO will continue to Watch.

AB 892 (Waldron R) Municipal water districts: water service: Indian tribes.

Current Text: Amended: 3/23/2017 [html](#) [pdf](#)

Introduced: 2/16/2017

Last Amended: 3/23/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/23/2017)(May be acted upon Jan 2018)

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

Summary:

Current law, upon the request of certain Indian tribes and the satisfaction of certain conditions,

requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. This bill would authorize, rather than require, a district to provide this service of water. The bill would apply this authorization to all Indian tribes whose lands are owned by the tribe.

Position: Watch

Subject: Water

CALAFCO Comments: According to the author's office, this may very well become a two-year bill. The intent of the bill was to make it permissive for an Indian tribe to negotiate directly with a water provider to obtain water services. This would circumvent LAFCo. This bill expands on last year's bill by Gonzalez-Fletcher, AB 2470. The author's office has indicated the bill will not move forward in it's current version. They understand CALAFCO's concerns. CALAFCO will continue to monitor the bill for any amendments and will consider a position if/when amendments are in print.

AB 1479 (Bonta D) Public records: custodian of records: civil penalties.

Current Text: Vetoed: 10/13/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 9/1/2017

Status: 10/13/2017-Vetoed by Governor.

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

Calendar:

1/3/2018 #51 ASSEMBLY GOVERNOR'S VETOES

Summary:

Would, until January 1, 2023, require public agencies to designate a person or persons, or office or offices to act as the agency's custodian of records who is responsible for responding to any request made pursuant to the California Public Records Act and any inquiry from the public about a decision by the agency to deny a request for records. The bill also would make other conforming changes. Because the bill would require local agencies to perform additional duties, the bill would impose a state-mandated local program.

Position: Oppose

Subject: Public Records Act

CALAFCO Comments: As amended this bill requires any public agency to designate a person/office to act as the agency's custodian of records who will be responsible for responding to all public records requests and to respond to an inquiries as to why the agency denied the request for records. Further the bill adds a failure to respond for records or an improperly assessed fee can be considered a civil penalty and allows the courts to issue fines ranging from \$1000 - \$5000.

AB 1728 (Committee on Local Government) Health care districts: board of directors.

Current Text: Chaptered: 9/23/2017 [html](#) [pdf](#)

Introduced: 3/22/2017

Status: 9/23/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter 265, Statutes of 2017.

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

Summary:

Each health care district has a board of directors with specific duties and powers respecting the creation, administration, and maintenance of the district, including purchasing, receiving, having, taking, holding, leasing, using, and enjoying property. This bill would require the board of directors to adopt an annual budget in a public meeting, on or before September 1 of each year, that conforms to generally accepted accounting and budgeting procedures for special districts, establish and maintain an Internet Web site that lists contact information for the district, and adopt annual policies for providing assistance or grant funding, if the district provides assistance or grants.

Attachments:

[AB 1728 CALAFCO Letter of Support](#)

Position: Support

Subject: Other

CALAFCO Comments: As introduced, this bill requires healthcare districts to adopt annual budgets, establish and maintain a website (and prescribes the required site content), and adopt policies for grant funding.

SB 206 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2017 [html](#) [pdf](#)

Introduced: 2/1/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter 57, Statutes of 2017.

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 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:

[CALAFCO Letter Requesting Governor Signature_06_26_17](#)

[CALAFCO Support Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 207 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2017 [html](#) [pdf](#)

Introduced: 2/1/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter 58, Statutes of 2017.

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 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:

[CALAFCO Letter Requesting Governor Signature_06_26_17](#)

[CALAFCO Support Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 208 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2017 [html](#) [pdf](#)

Introduced: 2/1/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter 59, Statutes of 2017.

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 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Letter Requesting Governor Signature_06_26_17](#)

[CALAFCO Support Letter Feb 2017](#)

Position: Support
Subject: LAFCo Administration
CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 365 (Dodd D) Regional park and open-space districts: County of Solano.

Current Text: Chaptered: 9/1/2017 [html](#) [pdf](#)
Introduced: 2/14/2017
Last Amended: 7/13/2017
Status: 9/1/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter 216, Statutes of 2017.

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

Summary:
 Current law authorizes proceedings for the formation of a regional park and open-space or regional open-space district in specified counties in the state to be initiated by resolution of the county board of supervisors adopted after a noticed hearing, and specifies the contents of the resolution. This bill, in addition, would authorize the formation of a regional district in the County of Solano to be initiated by resolution of the county board of supervisors after a noticed hearing. The bill would specify the contents of the resolution, including a requirement that the resolution call an election, as prescribed.

Attachments:
[SB 365 CALAFCO Letter of Oppose_03_28_17](#)

Position: Oppose
Subject: LAFCo Administration
CALAFCO Comments: This bill calls for the formation of a regional park and open space district which will circumvent the LAFCo formation process.

SB 435 (Dodd D) Williamson Act: payments to local governments.

Current Text: Amended: 5/2/2017 [html](#) [pdf](#)
Introduced: 2/15/2017
Last Amended: 5/2/2017
Status: 5/25/2017-May 25 hearing: Held in committee and under submission.

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

Summary:
 Would, under the Williamson act, reduce the amount per acre paid to a city, county, or city and county under these provisions to \$2.50 for prime agricultural land, \$0.50 for all other land devoted to open-space uses of statewide significance, and, for counties that have adopted farmland security zones, \$4 for land that is within, or within 3 miles of the sphere of influence of, each incorporated city.

Attachments:
[CALAFCO Support Letter_May 2017](#)

Position: Support
Subject: Ag Preservation - Williamson
CALAFCO Comments: This bill renews partial subvention funding for the Williamson Act as a fiscal incentive to lift contract moratoria, implements solar use easements and Farmland Security Zone Contracts, and increases subvention funding for counties that adopt conservation planning strategies for agriculturally zoned property that further our state's sustainable community goals.

SB 522 (Glazer D) West Contra Costa Healthcare District.

Current Text: Amended: 9/12/2017 [html](#) [pdf](#)
Introduced: 2/16/2017
Last Amended: 9/12/2017
Status: 9/15/2017-Withdrawn from committee. Re-referred to Com. on RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered

1st House	2nd House	Conc.
-----------	-----------	-------

Summary:

Current law provides for the formation of local health care districts and specifies district powers. Under existing law, the elective officers of a local hospital district consist of a board of hospital directors consisting of 5 members, each of whom is required to be a registered voter residing in the district and whose term shall be 4 years, except as specified. This bill would dissolve the existing elected board of directors of the West Contra Costa Healthcare District, effective January 1, 2019, and would require the Board of Supervisors of the County of Contra Costa, at its election, to either serve as the district board or appoint a district board, as specified.

Position: Watch

Subject: Special Districts Governance

SB 561 ([Gaines R](#)) **Fallen Leaf Lake Community Services District: elections.**

Current Text: Amended: 7/20/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 7/20/2017

Status: 12/21/2017-Set for hearing January 10.

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

Calendar:

1/10/2018 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

Under current law, the Fallen Leaf Lake Community Services District is a resident voting district. This bill, notwithstanding existing law, would provide that voters who are residents 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.

Position: Watch

Subject: Special Districts Governance

SB 623 ([Monning D](#)) **Water quality: Safe and Affordable Drinking Water Fund.**

Current Text: Amended: 8/21/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 8/21/2017

Status: 9/1/2017-From committee: Without recommendation. (Ayes 11. Noes 0.) (September 1) Re-referred to Com. on RLS.

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

Summary:

Would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board. The bill would require the board to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The bill would authorize the state board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies.

Position: None at this time

Subject: Water

SB 634 ([Wilk R](#)) **Santa Clarita Valley Water Agency.**

Current Text: Chaptered: 10/16/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 9/8/2017

Status: 10/15/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter 833, Statutes of 2017.

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

Summary:

Current law, the Castaic Lake Water Agency Law, created the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes. This bill would repeal the Castaic Lake Water Agency Law.

Attachments:

- [CALAFCO Letter Removing Opposition_06_26_17](#)
- [CALAFCO Letter Oppose Unless Amended_03_27_17](#)

Position: Neutral

Subject: Special District Consolidations

CALAFCO Comments: As amended, this bill consolidates two independent water districts in Los Angeles. The bill was amended to include LAFCo in the process via an application for binding conditions. As statute does not allow the local LAFCo to deny the application when both district boards have adopted resolutions of support, the amendments of May 26 address all of CALAFCO's concerns. As a result CALAFCO has removed our opposition and now is neutral on the bill.

SB 693 (Mendoza D) Lower San Gabriel River Recreation and Park District.

Current Text: Chaptered: 10/3/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 7/3/2017

Status: 10/3/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter 466, Statutes of 2017.

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

Summary:

Would specifically authorize the establishment of the Lower San Gabriel River Recreation and Park District, by petition or resolution submitted to the Los Angeles County Local Agency Formation Commission before January 1, 2020, subject to specified existing laws governing recreation and park districts, including their formation, except as provided. The bill would authorize specified city councils and the Los Angeles County Board of Supervisors to appoint members to, and the executive officer of the conservancy to serve as a member on, the initial board of directors of the district.

Position: Watch

Subject: LAFCo Administration

CALAFCO Comments: This bill forms the Lower San Gabriel River Recreation and Park District while leaving a majority of the LAFCo process intact. CALAFCO will keep watching to ensure it stays that way.

Total Measures: 23

Total Tracking Forms: 23

1/3/2018 9:24:24 AM

**CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
PENDING PROPOSALS – JANUARY 10, 2018**

January 10, 2018
Agenda Item 16b

LAFCO APPLICATION	RECEIVED	STATUS
Town of Discovery Bay Community Services District (DBCSD) sphere of influence (SOI) Amendment (Newport Pointe): proposed SOI expansion of 20+ acres bounded by Bixler Road, Newport Drive and Newport Cove	July 2010	Currently incomplete
DBCSD Annexation (Newport Pointe): proposed annexation of 20± acres to supply water/sewer services to a 67-unit single family residential development	July 2010	Currently incomplete
Bayo Vista Housing Authority Annexation to RSD: proposed annexation of 33+ acres located south of San Pablo Avenue at the northeastern edge of the District's boundary	Feb 2013	Continued from 11/12/14 meeting
Reorganization 186 (Magee Ranch/SummerHill): proposed annexations to Central Contra Costa Sanitary District (CCCSD) and East Bay Municipal Utility District (EBMUD) of 402± acres; 9 parcels total to CCCSD (8 parcels) and EBMUD (7 parcels)	June 2014	Removed from the Commission's calendar pending further notice
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
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
Heyden-Montalbo Annexation to City of Martinez and corresponding detachments from County Service Areas (CSAs) L-100 and P-6 – proposed boundary reorganization of 0.12+ acre (one parcel) on Sierra Avenue	Jan 2017	Currently incomplete
West County Wastewater District (WCWD) Annexation 317 (Sunborne Nursery) – proposed annexation of 6.981± acres (APNs 408-203-006/-011) located at the intersection of Brookside Drive and Central Street in unincorporated North Richmond	Aug 2017	Under review
2415 Donald Avenue Annexation to City of Martinez and corresponding detachments from CSAs L-100 and P-6 – proposed boundary reorganization of 0.10 acre (APN 378-091-007) located on Donald Avenue	Sept 2017	Under review
39 Kirkpatrick Drive Annexation to WCWD – proposed annexation of 0.73± acre (APN 430-161-021) in unincorporated El Sobrante near Argyle Road and Appian Way	Oct 2017	Under review
Plaza Drive Annexation to City of Martinez and corresponding detachments from CSAs L-100 and P-6 – proposed boundary reorganization of 0.32 acres (APN 375-311-028) located on Plaza Drive	Nov 2017	Under review
Dissolution of Los Medanos Community Healthcare District	Nov 2017	Under review
Bay Point Regional Shoreline Annexation to Delta Diablo	Dec 2017	Under review
Delta Diablo SOI Amendment (Bay Point Regional Shoreline)	Dec 2017	Under review

Contra Costa communities seek solutions to housing crisis, NIMBYism



Shelter Inc. announced the reopening of the Lyle Morris Apartments along Delta Fair Boulevard in Antioch, 2017. The 20-unit complex, with two and three bedroom apartments offers affordable housing for 19 fortunate low-income families. All of the units are spoken for. (Susan Tripp Pollard/Bay Area News Group)

By [Aaron Davis](#) | aarondavis@bayareanewsgroup.com | Bay Area News Group

PUBLISHED: December 15, 2017 at 5:15 pm | UPDATED: December 18, 2017 at 1:03 pm

ANTIOCH — More affordable housing and tenant protections like rent control were some of the urgent needs identified by residents and community leaders in a series of town hall meetings across the county.

The three top needs were identified as: long-term housing with services, such as mental health or substance abuse services; more affordable housing options; and tenant protections, including rent control.

One of the more disturbing trends was that Contra Costa County has one of the largest shortfalls of affordable housing, and when combined with rising rents and falling incomes, housing insecurity and homelessness rise.

View [Housing Opportunity site inventories prepared by cities as part of their 2015-2023 housing plans.](#)

“We wanted to connect people and organizations and begin having discussions to build that political will to figure out solutions and ensure every resident has a safe and affordable place to live,” said Zuleika Godinez, policy coordinator for the Ensuring Opportunity campaign, which organized the recent town hall meetings.

Since 2000, median rents have increased 25 percent and median household income for renters has decreased 3 percent, when adjusted for inflation. When high housing costs are included, the [poverty rate jumps](#) from 10.8 percent to 16.1 percent.

West County residents were concerned about residents of Alameda and San Francisco counties moving in and driving up costs. East County residents were conversely concerned with lower income residents moving in and decreasing home values.

“In the Antioch town hall, talk was really centered around homelessness, which was a huge issue for the community,” Godinez said. “The discussion was around Antioch having access to some shelters and Brentwood and Oakley not providing these services, so the homeless population comes to Antioch.”

In 2012, the Federal Reserve Bank of San Francisco found that even though there are similar rates of poverty throughout the county, for every \$8 in social services a poor person in West County has access to, there is only \$1 available for the poor in East County. Read the 14-page report at bit.ly/ECPoverty

One of the barriers to action on creating affordable housing in District 3, which includes Antioch, Oakley and Brentwood, was “a lack of public education on the root causes of homelessness and housing instability,” [the report said](#).

One of the biggest concerns was a feeling that the public was generally interested in finding solutions for the housing crisis, but not in their back yard.

Diane Burgis, county supervisor for District 3, said that even her three sons are having trouble finding affordable apartments or homes to rent in the area. She said that East County has the highest percentage of people over the age of 84.

“We’re not just talking about young people on the streets, we’re talking about older people with limited incomes that don’t have access to affordable housing,” Burgis said. “When we’re talking about understanding, a lot of people have come out here, bought nice, big houses, but don’t understand there are people on limited incomes that need housing as well.”

Among the nine Bay Area counties, Contra Costa County permitted [the highest percentage](#) of above-moderate income units and negligible to zero very-low income units in 2015, according to the Association of Bay Area Governments.

The city of [Oakley was lauded](#) as one of the best performing jurisdictions in the Bay Area by UC Berkeley’s Haas Institute in their 2017 report on regional housing needs. Oakley had permitted 133 percent of its low and very low-income housing requirements. In contrast, Martinez had only permitted 6 percent.

“NIMBYism occurs in every community. People may not want it next door or they don’t want to pay their taxes on that, but we’re seeing it in our communities and we need to work together,” Burgis said. “People on the street are more expensive than when we find them places to be and get them what they need.”

East Bay Times

‘Catalyst’ North Richmond apartment project moves forward



Courtesy Contra Costa County

Funding for the Heritage Point Apartments, a 42-unit project on Fred Jackson Way in North Richmond, was approved last week by the Contra Costa County Board of Supervisors.

By [Sam Richards](#) | srichards@bayareanewsgroup.com | Bay Area News Group

PUBLISHED: **December 16, 2017** at 6:55 am | UPDATED: December 18, 2017 at 5:26 am

NORTH RICHMOND — County leaders hope a 42-unit apartment building, almost a decade in the planning, will help spur a revival of this unincorporated community’s main business district.

On Tuesday, supervisors approved the sale of six parcels along Fred Jackson Way for construction of the Heritage Point Apartments, an affordable housing complex. The supervisors also unanimously approved a patchwork of funding to help pay the anticipated \$27 million cost of construction, and issuing the first of a maximum of \$17 million in multifamily housing revenue bonds to pay for building the project.

It’s a development that Annie King-Meredith said has been a long time coming.

“We’ve been working on this for so long, at least 10 years,” said King-Meredith, a board trustee of project developer Community Housing Development Corp., and a member of the North Richmond Municipal Advisory Council. “This project is to revitalize the community ... It will be a beacon of light for people to see the beauty of North Richmond.”

The six parcels, between Grove Avenue and Chesley Avenue across the street from the Community Heritage Senior Apartments, sit empty, closed off behind chain-link fencing. The last empty building on the properties was knocked down about two years ago, King-Meredith said.

The total county cost is anticipated to be \$7.37 million, from varied sources including the Housing Successor Low Moderate Income Housing Funds, Community Development Block Grant and the Livable Communities Trust Fund.

“It’s a perfect example of the blending of different funding sources to develop affordable housing,” County Supervisor John Gioia of Richmond said.

That \$7.37 million figure could still rise, depending largely upon what final form the Republican-sponsored federal tax reform bill takes, said Maureen Toms, deputy director of Contra Costa County’s Department of Conservation and Development. The value of the tax credits that are factored into construction costs could decrease depending on how some aspects of the tax bill are finalized. The lower the federal corporate tax rate, the lower the value of tax credits. If tax credit values drop significantly, the county would have to spend more money to make up for that. That money, Toms said, is available if needed, from reserves.

“We’re just too far down this road to let anything scuttle this project,” Toms said. But Gioia and others warn that future affordable housing projects could be much more difficult to develop should federal tax changes adversely affect tax credits.

Toms described Heritage Point as a “catalyst project” that could help spur other development in this struggling corridor, now anchored by the senior apartment complex and by the Contra Costa Health Services’ North Richmond Center for Health.

The Rev. Dana Keith Mitchell said he’s looking for a spark, and for redemption.

“We’ve had some people who’ve been displaced from homes here and who would like to come back,” said Mitchell, pastor of the North Richmond Missionary Baptist Church, about a block from the Heritage Point site. He also hopes that catalyst effect will attract some new businesses, most importantly, a grocery store.

“Every community needs to feel good about itself, have hope,” Mitchell said. “I believe this project will bring hope.”

Published December 27th, 2017

All systems go for ConFire Station 16 construction

By Nick Marnell



If every celestial body aligns perfectly. Photo Nick Marnell

To demolish Fire Station 16 in Lafayette, the Contra Costa County Fire Protection District hired Federal Solutions Group of San Ramon, the same company that the Moraga-Orinda Fire District fired in November as the contractor to build Fire Station 43 in Orinda.

The company could not secure a performance bond for the MOFD project and the district said it could not take the risk and terminated the FSG contract. "We're aware of the local issues," said ConFire Assistant Chief Aaron McAlister, who oversees the Station 16 rebuild for the district. "We did the due diligence (on FSG). But they're only doing the demolition, which is about a \$150,000 job."

The district pulled the demolition permits in December and expects the job to be completed by mid-January. "A 100 percent demolition, including the slab," McAlister said.

Before the building is razed, recruits from ConFire Academy 51 will use the structure for training exercises. Recruits will cut holes in the building with chain saws, breach the exterior walls and practice ripping through the roof and climbing through the windows. MOFD conducted similar training exercises at Fire Station 43 before it was demolished in 2016.

The ConFire board of directors approved the advertising for bids for the construction of Fire Station 16 and McAlister said the solicitations should be sent out in early January. The district has identified five preferential bidders, and by the first week of February, ConFire should know the lead bidders and a realistic cost estimate for the project.

"We're holding to the official estimate of \$3.5 million," McAlister said, but Fire Chief Jeff Carman warned his board Dec. 12 that construction costs are soaring. "The more time that goes by, the higher the costs go up," Carman said.

ConFire has hired Kitchell Northern California as construction manager, and though the sign outside Fire Station 16 suggests a completion date in 2018, the board packet issued Dec. 12 says that "construction is estimated to begin in April 2018 and take 11 months to complete."

Reach the reporter at: nick@lamorindaweekly.com

[back](#)

Copyright © Lamorinda Weekly, Moraga CA

Published December 27th, 2017

MOFD cautiously welcomes in the new year

By Nick Marnell



Superior Court Judge John Kennedy, left, swears in new MOFD Fire Chief Dave Winnacker at the Hacienda de las Flores. Winnacker's wife, Corrie, looks on. Photo Nick Marnell

Station 43 on budget and on time," said Barber, stopping short of promising a completion date. He noted that the Local 1230 labor contract is also a top priority and Barber said the district looks for a smooth, fair process during negotiations. The current contract with the firefighters expires at the end of June.

"From where I sit, Station 43 is the most pressing district need," said Fire Chief Dave Winnacker, sworn in at the Dec. 20 district meeting. "If not properly managed in a hands-on manner - by me - there could be a less than desirable outcome." Neither the chief nor district union representative Lucas Lambert would comment on labor negotiations.

Also for the new year, Barber said that he had not forgotten about the low water pressure delivered by many fire hydrants in north Orinda, but that the problem was more complicated than he originally thought because of the unclear timeline for the East Bay Municipal Utility District to upgrade the hydrants. "Should the public have to wait 20 years? We may need those resources," said Barber, citing the concern of a North Bay-type wildfire in the north Orinda area.

The Moraga-Orinda Fire District board moved on from a difficult 2017 by ushering in a change in district leadership, including the election of board officers, retention of a new law firm and the approval of a contract for the recently hired fire chief.

It was one bit of bad news after another in 2017 for MOFD, which fired its auditor over misapplying \$20 million on the district financial reports, was stunned by the unexpected departure of its fire chief and experienced numerous setbacks in the construction of Fire Station 43 in Orinda. Newly elected board president Brad Barber said that potential litigation over the fire station chaos helped convince the district that it needed a law firm with public real estate experience, and MOFD hired San Francisco-based Renne Sloan Holtzman Sakai LLC as district counsel effective Dec. 20.

Barber named the rebuild of the Orinda station as one of his top goals for the district in 2018. "We want to do everything possible, as quickly as possible, to finish

Reach the reporter at: nick@lamorindaweekly.com

[back](#)

Copyright © Lamorinda Weekly, Moraga CA

Associated Press

US eyes increased pumping from biggest federal water project

Dec. 29, 2017

SAN FRANCISCO (AP) — The Trump administration said Friday it will look at revving up water deliveries to farmers from California’s Central Valley Project, the largest federal water project in the United States, in what environmental groups called a threat to protections for struggling native salmon and other endangered species.

The U.S. Bureau of Reclamation formally served notice it would begin looking at changing the operation of the massive California water project to maximize water deliveries. Spokeswoman Erin Curtis called it the first step in what would likely be an 18-month analysis.

The water project is a network of 18 dams and reservoirs and 500 miles of canals and aqueducts that draw water from the delta of the Sacramento and San Joaquin rivers, which are part of the largest estuary on the West Coast of the Americas.

Launched in the 1930s, the water project has helped make California’s Central Valley the United States’ richest farm region. It also has contributed to driving several once-plentiful species of smelt, salmon and other native animals toward extinction, biologists and environmental groups say.

Doug Obegi, a senior attorney for the Natural Resources Defense Council environmental group, contended in an email Friday the move represented “the latest attempt by the Trump administration to roll back protections for salmon and other endangered native fisheries ... in order to increase water supplies” for the state’s agricultural water agencies.

Curtis, the Reclamation spokeswoman, called the effort a priority for the current administration.

Cutbacks of water deliveries for the project’s customers during the recently ended five-year California drought — including cutbacks prompted by rules protecting endangered native species also struggling in the drought — helped prompt the decision to look at possibly redoing the rules for operating the water project, Curtis said.

So did new U.S. legislation last year that encouraged more big water construction projects and water deliveries for Western farmers, Curtis said.

Federal authorities will seek public comment through Feb. 1.

East Bay Times

Urban Edge farm program offers immersion-style learning



First Generation Farmers Executive Director Alli Cecchini, right, and Project Manager Ellie Vanhof, left, harvest some vegetables on Cecchini's family land in Discovery Bay, Calif., on Tuesday, Dec. 19, 2017. Cecchini founded the Urban Edge Sustainable Farming program, which recently received a \$200,000 federal grant and has 12 spots available for new farmers. It will begin on Feb. 5. (Jane Tyska/Bay Area News Group)

By [Lou Fancher](#) | Correspondent
January 1, 2018 at 8:23 am

A 550-acre area in Brentwood is so much more than a plot of land.

To First Generation Farmers Executive Director Alli Cecchini and head farmer Eleanor VanHof, a 13-acre section of the prime farmland in the Bay Area's east Contra Costa County is the site of the long-dreamed-of Urban Edge Sustainable Farming (UESF). The full-time, nine-month residency program begins in February and will train beginning farmers with hands-on instruction, a farm business development program and long-term land leasing.

After operating a pilot version of the ambitious program, a \$200,000 grant from the USDA National Institute of Food and Agriculture's Beginning Farmer and Rancher Development Program is a launch pad for the immersive learning experience.

For the first cohort of students, many of them women and/or people of color, immigrants, refugees, veterans or farmers-to-be with limited resources, the land is a classroom. Instruction comes from First Generation and experts from the National Center for Appropriate Technology and UC Cooperative Extension. Participation in the program represents opportunity and fulfills dreams the first-time farmers hold of agricultural avocation, economic stability, families, homesteads and permanence.

"Historically oppressed, underserved groups — women, refugees, LGBTQ, immigrants — they've been the labor force but never the owners," Cecchini says. "It's hard to be that labor force in agriculture, but the best people to be owner/operators are the labor workers."

Cecchini, 29, says that for many people, but especially women and immigrants facing ongoing racial or social stigmas in the United States, entering the farm industry is formidable, even if money is available.

VanHof agrees and says, “Women (working on family farms) for the past 20 years haven’t been accounted for. They weren’t considered to be owners. If the husband died, they didn’t get the land. They weren’t even counted in annual national agriculture censuses as having a job.”

The rigorous program isn’t for the lighthearted. Applicants aren’t required to have previous farm experience but were selected using an extended interview process. First Generation board members initially reviewed written applications that arrived mostly from the Bay Area but also from the Midwest and the South. A written application, phone and in-person interviews that included spending a day at the farm were vital next steps, VanHof says.

“Seeing how they write, talk and who they are, you see the whole person. A lot of them have wanted to become farmers for a long time. They haven’t had the best avenue maybe, but they’ve all looked into it. One applicant said she’d wanted to be a farmer for 10 years.”

The curriculum is demanding: composting, organic practices, greenhouses, pest control, disease and healthy soil management, crop rotation, food safety, marketing strategies, financial record-keeping, business planning and more.

“Being a farmer is a profession, it’s not just growing plants,” VanHof says. “It’s like any other job. Every business has to keep financial, tax and employee records, do marketing.”

Tuition for the first year is \$4,000, which covers instruction, food and housing in dormitory-style accommodations. During the second year, students manage their own one-eighth-acre microfarms, marketing and selling crops based on approved business plans. There are 55 local farmer markets within a 45-mile radius of the location.

High-end restaurants and a food culture that favors locally sourced, organic produce make small farms on the urban edge more lucrative, VanHof suggests. Ultimately, transition to long-term land lease will be available to program graduates. Beyond strong business skills, Cecchini says that suitability for farming requires having love in your heart.

“You’re going to have to be able to work outside when it’s 100 degrees. You’ll have to get up at 5 a.m. when you’ve done that for the past 364 days. A school won’t teach you that.”

Nor will that passion be enough to sustain a farmer, she insists.

“It doesn’t matter if you have passion or not, it’s having a support system. People to bounce ideas off of, people to till your fields when you are sick.”

VanHof says final applicant selection is ongoing. Students now range in age from 24 to early 40s; gender splits 50-50; and most are immigrants, including people from Japan, Iran and India. For young farmers who lack knowledge of how to drive a tractor, load implements onto the back of a truck, set up irrigation pipes or the ins and outs of organic farming (without pesticides), a widespread team is key.

“That’s what these incubator farms are all about,” says fourth-generation farmer Cecchini, whose land has been cultivated by her family for more than 100 years. “The tools and new technology are not needed. Email, websites, social media, they make it easier, but information comes from old farmers. It’s the community of people you have. With that, you can pretty much do anything.”

For more information, visit <https://firstgenerationfarmers.org>.

San Francisco Chronicle

Some homeowners lose insurance coverage as wildfire risks rise

By [Kimberly Veklerov](#)

January 2, 2018 Updated: January 3, 2018 6:00am

Two days before Christmas, Oakland hills resident Anil Prasad got a letter in the mail saying his longtime home insurance wouldn't be renewed, citing his property's location "in an ineligible brush area."

Essentially, the fire risk was too great.

The company offered to reinstate his policy but said it wouldn't cover damage from fires, lightning, windstorms, hail, explosions, riots, civil commotion, aircraft or vehicle crashes, smoke, vandalism, malicious mischief, or volcanic eruptions.

"It seems like the only thing they'll cover is someone sneezing on my house," Prasad said.

In addition to this option, the notice said he would need to apply for the state's FAIR Plan, the insurance of last resort for California property owners who are unable to obtain residential policies elsewhere.

Prasad, who works in marketing, said he was stunned, because he had paid his bills on time for the past five years, annually hired a tree crew to help him clear any hazardous vegetation, and never filed a claim or bothered the insurance company, Travelers.

"Retention is always our goal, but it's balanced with thoughtful and disciplined underwriting," Travelers spokesman Matt Bordonaro said in a statement, referring to the process of assessing risk. "We routinely evaluate our risk exposure and make adjustments as necessary."

Prasad is far from alone. Consumer advocates and local officials across the state say entire communities where wildland meets urban development have seen policy nonrenewals, cancellations or steep premium increases in recent months and years.

Some fear that insurance companies are getting apprehensive about the growing frequency and ferocity of California's wildfires, illustrated by the record-breaking season that sent firestorms into suburban communities such as Santa Rosa. And the die-off of tens of millions of trees, driven by bark-beetle attack and drought, has created ample tinder for the next catastrophe.

"These fires consumed areas that were thought to be at lower risk. Now it's clear they're not," state Insurance Commissioner Dave Jones told The Chronicle. "We're looking at a future where there will be increasing challenges of insurance availability for some homeowners in some areas of California. The areas where this is a problem are likely to expand."

Jones said his department expects to release a report Thursday on the subject of nonrenewals in California. He said the number of residents enrolling in the FAIR Plan — an indication of market constraints — has not dramatically increased in recent years.

“After every wildfire there have been these small episodic nonrenewal plagues where the disaster got the attention of higher-level executives at the company, and they decide to shrink policy counts in certain risky areas,” said Amy Bach, executive director of the consumer group United Policyholders. “It’s always been fixable, because there’s always been competitors who haven’t done that.”

The issue has recently become more acute, or at least more visible, Bach said. New technology allows firms to quickly calculate a home’s level of risk using satellite imagery and data inputs — like whether it’s facing the sun and how much vegetation is nearby.

Assemblyman Jay Obernolte, a Southern California Republican, said thousands of residents in his district, which includes the Mojave Desert, have gotten nonrenewal notices in the last several years. Obernolte was one of them; his former insurer told him the hill on which his property was built was too steep.

Obernolte’s office surveyed his district and found that some of his constituents with identical, next-door homes were getting wide variations in insurance policies and pricing. He said the automated risk-scoring that firms use has major drawbacks.

“Extant dirt access roads might not come up in satellite imagery,” he said. “If you go talk to a local fire department and ask how they’d get to a property, they know where the dirt access roads are. That’s information that’s not available to the insurance companies.”

In Placer County, officials said they started seeing insurance nonrenewals about two years ago. Since then, many hundreds of residents, possibly thousands, have gotten the notices.

“The only ones we hear about are when a homeowner makes the unilateral decision to call their county supervisor or my office,” said John McEldowney, program manager in the county’s Office of Emergency Services. “For every one we hear about, we think it’s a fair assumption there are 40, 50, 60 we don’t hear about.”

Placer County Supervisor Jennifer Montgomery said she’s heard from constituents whose insurers suddenly required them to have 10 feet between branches of two trees or 1,500 feet of so-called defensible space around their homes. In one case, she said, that would have required the resident to clear out her neighbors’ properties as well.

Local leaders and consumer advocates want insurance companies to give financial incentives to homeowners who mitigate fire risks through activities like vegetation clearing or purchasing a metal roof. State Sen. Ricardo Lara, D-Bell Gardens (Los Angeles County), is introducing a bill this month that would require companies to offer such discounts and to get approval from the state Department of Insurance before reducing policy volume in high-risk areas.

But industry leaders say the market is functioning exactly as it should and that companies need to accurately balance their risk exposure while maintaining solvency and profitability. Ultimately, they say, insurance companies choosing not to write new policies in a certain area or not renewing them is a matter of ensuring that claims can be paid out when disaster strikes.

“There’s a number of things wrapped up into this. A company looks at its overall exposure. Are they too concentrated in communities or regions? Would one incident be too catastrophic?” said Rex Frazier, president of the Personal Insurance Federation of California, a trade group. “When we hear local government officials saying to insurance companies, ‘Well, you need to write

everywhere and lower your prices,’ there’s a discussion about land use and continuing to build further and further into the forest — and that’s a new issue for us.”

Frazier, whose organization represents the state’s largest firms — State Farm, Progressive, Allstate and others — said the availability of insurance carriers, even in high-risk, fire-prone areas, is not a problem. He gave his own home as an example: It’s new and in the middle of the woods. While his old insurance company wouldn’t give him a policy, Frazier said, he easily found an online firm called Lemonade that wrote him one.

Frazier said he was skeptical about Lara’s bill. The Department of Insurance already regulates rates. If companies had more control over pricing, he said, then they wouldn’t need to rely as much on canceling policies.

For most residents who get a nonrenewal notice, foregoing insurance altogether isn’t an option. Having a mortgage requires one to have home insurance. And switching companies can mean big premium increases.

Alex Pappas, a retired Peralta Community College District teacher who lives in the Claremont Hills of North Oakland, said his broker told him that his insurance company — Hartford — wouldn’t renew his policies in November. So he went with Lloyd’s of London and got a \$2,000 premium increase. Pappas said he was lucky to get Lloyd’s, and his gratitude only grew when he watched images of this season’s destructive wildfires play across his television.

In a statement, Hartford spokesman Thomas Hambrick said: “We continue to write homeowners insurance and provide coverage for homeowners throughout the state, however, we have taken underwriting actions on some homeowners policies in areas where there is a significant vulnerability to wildfire.” He said evaluating risks “enables us to pay homeowners claims when customers need us the most.”

Prasad, who’s also trying to switch firms, said the estimates he’s gotten will mean his premium will likely double. Some he’s called, like State Farm, said they won’t insure his property.

The Oakland Fire Department already requires homeowners to create defensible space to reduce the chances of a firestorm spreading house to house. City Councilman Dan Kalb said it was irresponsible for insurers to back out of policies without examining, in person, the actual dangers and mitigation efforts.

This season’s massive wildfires created a heightened awareness of risk, Kalb said, but that shouldn’t lead to a “knee-jerk reaction.”

“If you live in the Oakland hills and you’ve lived there for a while, you probably already had that awareness,” he said. “Now everyone is thinking about it, including, apparently, insurance executives.”

*Kimberly Veklerov is a San Francisco Chronicle staff writer. Email: kveklerov@sfchronicle.com
Twitter: [@kveklerov](https://twitter.com/kveklerov)*