

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MINUTES OF MEETING

January 10, 2018

Board of Supervisors Chambers
Martinez, CA

February 14, 2018
Agenda Item 5

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 Member Candace Andersen.

Special District Members Mike McGill and Igor Skaredoff and Alternate Stanley Caldwell.

City Members Rob Schroder and Don Tatzin.

Public Member Don Blubaugh.

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

3. Approval of the Agenda

The agenda was adopted unanimously, 6-0, as presented.

AYES: Andersen, Blubaugh, McGill, Schroder, Skaredoff, Tatzin

NOES: none

ABSENT: Glover (M)

ABSTAIN: none

4. Selection of Chair and Vice Chair

Commissioner McGill was unanimously, 6-0, named as Commission Chair for 2018.

Commissioner Tatzin was unanimously, 6-0, named as Commission Vice Chair for 2018.

AYES: Andersen, Blubaugh, McGill, Schroder, Skaredoff, Tatzin

NOES: none

ABSENT: Glover (M)

ABSTAIN: none

5. Welcome New/Returning Commissioners

There have been no changes in Commissioners or Commissioner terms at this time.

Commissioner Blubaugh was recognized for his service as the 2017 Chair of the Commission.

AYES: Andersen, Blubaugh, McGill, Schroder, Skaredoff, Tatzin

NOES: none

ABSENT: Glover (M)

ABSTAIN: none

6. Public Comments

Trish Bello-Kunkel spoke regarding Knightsen residents' concerns about the steep tax hike recently passed by the Knightsen Town Community Services District. Of primary concern is that the District board did not communicate this increase to the residents. Further, the board has not yet responded to a letter sent to them on this issue. The residents Ms. Bello-Kunkel represents wish to have this tax repealed.

DRAFT

Debra Mason, a resident of Bay Point, requested that LAFCO conduct a Municipal Services Review (MSR) on Ambrose Recreation & Park District (ARPD). She noted that she requested a copy of the last MSR from LAFCO staff but had not received anything. Ms. Mason believes that the ARPD is being mismanaged, and is not providing adequate service to the community.

Willie Mims, representing East County NAACP, stated that he has major concerns about LAFCO and its directions from the State Controller's Office. He urged Commissioners to listen to the people who come before LAFCO.

Charles Smith, a resident of Pittsburg, spoke regarding the SOIs of the cities of Pittsburg and Antioch, as well as the 1979 El Pueblo Annexation to the City of Pittsburg. He stated that the El Pueblo housing is deteriorating and that the infrastructure needs work, and he wonders who is responsible for handling these issues.

7. Approval of December 13, 2017 Meeting Minutes

Upon motion of Blubaugh, second by Tatzin, the December 13, 2017 meeting minutes were approved by a vote of 6-0.

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

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

The Executive Officer noted that on December 13th, the Commissioners received a presentation from Richard Berkson of Berkson Associates regarding the 2nd Round Healthcare Services Municipal Services Review (MSR) and Sphere of Influence (SOI) Updates. The public comment period ended on December 29th, and a Final Draft is being presented today for adoption, along with recommendations for governance options and SOI updates for each district.

Richard Berkson, who was assisted in this MSR process by The Abaris Group, briefly reviewed the changes that were made to the Public Review Draft MSR in response to public and Commissioner comments. He noted that Los Medanos Community Healthcare District (LMCHD) prepared and submitted an updated strategic plan with some revisions to their goals. Mr. Berkson also corrected his previous information about LMCHD's lease revenues: Currently this is \$100,000 per year (\$500,000 per year for the next two years); all revenue will continue to be passed-through to the State until after 2026.

Mr. Berkson added that LMCHD provided, along with its comments on the Public Review Draft, some additional unaudited actual figures for FY 2016-17, but the MSR has not incorporated those numbers. Representatives of the District felt that use of their actuals would result in a more representative cost ratio because certain costs are higher this year, including legal costs associated with their negotiations with the County. Mr. Berkson recognizes that cost ratio calculations will vary from year to year. Mr. Berkson reported there is a new Table 12b in the report that reallocates some of the personnel costs to Community Health Programs and includes lease revenues, which makes the cost ratio 43% instead of 51%.

Commissioner Blubaugh asked if the District's pass-through payments to the State continue to 2026 or beyond then? Mr. Berkson confirmed that those payments end in 2026.

Commissioner Skaredoff noted that, while the administrative costs for LMCHD have been corrected with further information from the District, 43% is still very high. He asked if there any kind of temporary costs that would drive this number higher? Mr. Berkson said that the District

feels its legal costs might be higher than normal this year (currently budgeted at \$50-60,000 this year). The District is looking at other costs that can be reduced with further review.

Commissioner Tatzin asked if the Concord/Pleasant Hill Health Care District (CPHHCD) overhead is unusually low or high; Mr. Berkson thought it was probably average, as CPHHCD's costs, as a subsidiary district, are likely less than those of an independent district like LMCHD.

Chair McGill confirmed with Legal Counsel Anderson that the actions the Commissioners is being asked to take are to receive the report, adopt the MSR determinations, and make SOI determinations.

At the request of Commissioner Tatzin and Chair McGill, the Executive Officer drew Commissioners' attention to the governance and SOI options and recommendations included in the report.

The Chair opened the public hearing.

Dr. J. Vern Cromartie, LMCHD Board President, requested a vote in favor of maintaining the District's status quo. Since the December 13, 2017 LAFCO meeting, the board has already taken the following corrective actions: 1) completed and approved a strategic plan for 2017-2022; 2) completed and approved a revised 2017 health profile to include data from more recent reports; 3) updated its website to include the new strategic plan and the revised 2017 health profile; and 4) engaged in analyzing ways to reduce administrative overhead costs; their goal is to reduce it to 20-25%. In December 2018 they will gladly provide LAFCO with an update on their progress. He requests that LMCHD be allowed to continue its programs and services to its residents.

Charles Smith, resident of Pittsburg, agrees with Dr. Cromartie that LMCHD should be allowed to continue. He felt that the County has not lived up to its promises.

Dorlissa Smith, Greater Faith Food Pantry, stated that LMCHD should be supported. It is working with the community on wellness programs. She urges Commissioners to listen to the people. Opposes dissolution.

Carolyn Jones, Greater Faith Food Pantry, noted that over 200 households (hundreds of individuals) are served daily by the Food Pantry, which is supported by LMCHD. Opposes dissolution.

Jearline Graham Wheeler, Greater Faith Food Pantry, stated that the dissolution of LMCHD will hurt many people who need the services provided by organizations funded by LMCHD. Opposes dissolution.

Godfrey Wilson, Executive Director, LMCHD, made three requests on behalf of the LMCHD Board: 1) that its board resolution objecting to the County's application for dissolution be placed in the record; 2) that the letter from Colantuono, Highsmith & Whatley be placed in the record noting inaccuracies in the MSR; and 3) that the work of the 39 organizations that are funded by LMCHD to provide wellness programs be recognized for the value of their services to over 4,500 people each year.

In response to a question from Commissioner Tatzin, Mr. Wilson confirmed that the LMCHD Board supports the staff recommendation that the current District SOI be retained.

Aaronique S. Gordon, resident of Pittsburg and LMCHD employee, noted that the staff is limited and worked hard to provide all the materials requested by LAFCO. She was disappointed at the number of errors in the report, and praised the programs that are funded by LMCHD.

Arthur Fountain, LMCHD Board Member, stated his support of the LAFCO staff recommendation, as well as his agreement with the comments of Dr. Cromartie and Mr. Wilson.

Shirley Kalinowski, Reading Advantage Inc. (READ), noted that LMCHD provides excellent support to her organization in its recognition that literacy is crucial to a healthy community. As one of fewer than 10 programs that directly partner with LMCHD to support healthy growth.

Joe Rubi, resident of Pittsburg and former LMCHD Board member, noted that he is simply a voter and a taxpayer, but he has been deeply involved in LMCHD, including as a board member, since he first moved to Pittsburg. Mr. Rubi urged Commissioners to talk directly to Godfrey Wilson, LMCHD Executive Director, to get further information on the District.

Marzel Price, East County Junior Warriors/East County Midnight Basketball, asked Commissioners to allow LMCHD to continue to exist, as without the District, his programs, as well as so many others, would cease to exist, as the City of Pittsburg has done away with all of its funding for recreational programs.

Phil Thomas, Greater Faith Food Pantry, urged Commissioners to maintain the status quo. He believes that the LMCHD does more than he's seen in the past 50-plus years that he has lived in the District.

Torry Hines, Academic Participation through Sports (APT Sports), noted that the City of Pittsburg has expected nonprofit organizations to make up for the programs that it no longer supports. Without LMCHD, these nonprofits would find it difficult to continue.

Ray Harts, Healthy Hearts Institute Executive Director, supports the LAFCO staff recommendation to maintain LMCHD's status quo and give the District time to make the corrections that have been recommended. Without LMCHD's support his organization and its programs would not have been able to start, and would have difficulty in continuing.

Delano Johnson, Bay Point Community All in One Executive Director, reiterated the importance of LMCHD in providing funds to organizations and programs serving the community, especially the youth in the area. He supports maintaining the status quo.

Gregory Soonis (?) handed out posters for an upcoming talk on MLK Jr. Day by one of the most prominent physicians in sickle cell anemia (funded by LMCHD). He also noted comparisons in the MSR between LMCHD and CPHHCD on their cost ratios, noting that "stand-alone" businesses always have higher costs than those that are not. He praised the LMCHD Board members for the hard work they do. He urged Commissioners to maintain the status quo.

Barbara Hunt, St. Vincent de Paul, reiterated that the free clinic they operate, which is funded by LMCHD, provides free medical services that would cost the County over \$1.5 million dollars if those people had to go to the Contra Costa Regional Medical Center emergency room. Ms. Hunt supports the LAFCO staff's recommendation to maintain the status quo.

Willie Mims, East County AACP and Pittsburg Black Political Association, supports the LAFCO staff recommendation, and stated that the County overstepped its bounds in applying for dissolution of LMCHD. He is baffled, as LMCHD is not an inactive district.

Johann Vethauanam, Sports & Fitness for Kids, stated that his organization has been working with youth in the District for the past five years, and would not have been able to do what they've done without the support of LMCHD. They support maintaining the status quo as recommended.

Timothy Ewell, Contra Costa County Senior Deputy Administrator, thanked LAFCO for integrating the County's public comment into the public record and the final draft of the MSR. He wished to clarify that the County submitted its application for dissolution of LMCHD on November 14, not December 17.

Craig D. Collins, CPA and consultant to LMCHD, drew the Commission's attention to his letter, included in the agenda packet, in which he addressed the District's administrative costs, noting that the unaudited actuals show a much lower overhead. He reminded Commissioners that budgets are estimates, and that history has shown that LMCHD has not experienced high election costs for some years.

Doug Helmick, CPR Fast, stated that his organization, which has been working with LMCHD for almost 10 years, through the District's grants has been able to furnish AEDs in public spaces and train many people, including high school students, in lifesaving skills. They wish LMCHD be able to continue its status quo.

Chair McGill closed the public hearing.

Commissioner Schroder responded to public comments about inaccuracies in the report, but he didn't really hear specifics on this. He pointed out that Commissioners are looking at all three healthcare districts, not just LMCHD. In general he supports staff recommendations for all three districts. He was pleased to see that the LMCHD Board and staff have already been proactive in addressing areas that need improvement, was encouraged by the number of organizations that have expressed their support for LMCHD, and wanted to reassure the organizations that the funding will not go away in the future. He supports the staff recommendation.

Commissioner Blubaugh commended speakers for their brevity and directness in speaking to the topic at hand. He reminded the public that the MSRs are meant to produce information on the services provided to the community, and they do not pick out agencies arbitrarily. Commissioner Blubaugh noted that he has never seen any agency move so quickly as LMCHD has to remedy problems noted in an MSR. No matter what LAFCO decides today, the County's application for dissolution of LMCHD will return to the Commission later this year, unless the County withdraws the application. He is inclined to support staff recommendations with the proviso that the districts report back at the end of this year. It would always be his intent to ensure that community-based health organizations are recognized in the community.

Commissioner Tatzin noted that, like his fellow Commissioners, he appreciated everyone's presence and comments, and wondered how these comments would be included in the MSR. Staff responded that the comments made today will be included in the minutes, and asked the consultant how he would handle them.

Mr. Berkson replied that the oral comments made last month, which largely described programs funded by LMCHD, were helpful and he did include some in the final draft of the report, but they did not provide specifics pertinent to the report. He highlighted some of the changes he made in response to written comments.

Commissioner Tatzin clarified that he was primarily interested in the new letter from Colantuono, Highsmith & Whatley submitted by Godfrey Wilson at the meeting.

Staff noted that the letter would be referenced in the minutes.

Commissioner Tatzin added that they had received no comments about either of the other two districts. He agrees with the staff recommendation to leave the LMCHD SOI unchanged. It was unfortunate that the County dissolution application came in the middle of the MSR process, because it could be confusing. He asked when the LMCHD dissolution will come before the Commissioners; staff responded that it will be another five or six months before that application will be heard—but that will likely happen before the District returns with a follow-up report.

Commissioner Tatzin agreed with the other Commissioners on supporting the staff recommendation.

Commissioner Andersen thanked the community for their input and confirmed her support of the staff recommendation. She noted that the intention of the Board of Supervisors in applying for dissolution of LMCHD is simply to ensure efficient and effective services and that funding be kept in the community for the benefits of health and well-being..

Commissioner Skaredoff agreed with the other Commissioners, and commended the public speakers on their valuable services and programs and their comments at the meeting. He referenced the letter submitted by Supervisor Mitchoff which notes that the LMCHD does not provide direct services, and he questioned the current definition of a healthcare district that does not run a hospital.

Commissioner Caldwell echoed the Commissioner comments.

Chair McGill commended the consultant and LAFCO staff on the report.

Upon motion by Tatzin, second by Blubaugh, Commissioners, by a 6-0 vote, accepted the Final MSR Report; determined that the MSR project is categorically exempt pursuant to §15306, Class 6 of the CEQA Guidelines and §15061(b)(3) of the CEQA Guidelines; adopted the MSR determinations; and adopted the SOI updates as recommended.

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

9. Reclamation District (RD) 2121 (Bixler Tract) Update

Commissioner McGill, a member of the ad hoc committee along with Commissioners Burgis and Skaredoff, reported that he met with Mr. Bloomfield on December 4th, and subsequently met with the committee on December 12th to summarize that meeting, in which Mr. Bloomfield reiterated that his family would prefer to remain a district so long as it doesn't require a lot of paperwork. As a result, the committee laid out the minimal requirements for RD 2121 to be an active district, as well as further steps it recommends for RD 2121 to be in full compliance with the law.

The subcommittee was directed to communicate these requirements to Mr. Bloomfield along with a request that he provide an update on the district's activities by June 30, 2018.

10. Rollingwood Wilart Park Recreation & Park District Update

The Executive Officer provided brief background on the Rollingwood Wilart Park Recreation & Park District (RWPRPD). The special study finalized in early 2017 provided a number of governance options, including dissolution and annexation to the City of San Pablo, which are the most viable options. The Rollingwood community is a small island within San Pablo's SOI and could be annexed through an expedited process given its size and island status. However, the City has determined that it is not interested in annexing the District as a whole, but it would like to acquire the recreation center.

On January 4, LAFCO received a letter signed by District 1 Supervisor John Gioia and County Administrator David Twa supporting the dissolution of the District and naming the County as successor. As noted in the letter, the County will work with the City of San Pablo regarding the District's assets.

Commissioner Blubaugh stated that it is time to do something about this district. Commissioner McGill agreed that RWPRPD should be annexed to the City of San Pablo. However, as staff pointed out, the City of San Pablo probably couldn't make annexation work financially at this time, and LAFCO is unable to initiate an annexation.

Upon motion by Blubaugh, second by Andersen, Commissioners, by a 6-0 vote, adopted a resolution initiating dissolution and naming Contra Costa County as the successor agency; and directed staff to work with the County on a succession plan subject to future consideration by the Commission.

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

11. LAFCO Policies and Procedures Committee Appointment

The Executive Officer noted that with the resignation of Commissioner Burke from LAFCO, there is a need for another Commissioner to serve on the Ad Hoc Policies and Procedures Committee. In the upcoming year, this committee will work on updating some of the Commission's policies and procedures.

Upon motion by Tatzin, second by Schroder, Commissioners, by a 6-0 vote, appointed Commissioner Blubaugh to the Ad Hoc Policies and Procedures Committee.

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

12. FY 2017-18 Second Quarter Budget Report

The Executive Officer reported that expenditures to date for the first half of this fiscal year are approximately 42% of total appropriations. This includes the annual \$40,000 OPEB and \$30,000 CCCERA liability contributions. Total revenues received to date exceed 100% of projected revenues, including fund balance. All local agencies have paid their LAFCO contribution, and application activity through the 2nd quarter significantly exceeds the FY 2016-17 activity for the same period.

The Chair thanked staff for the usual outstanding job.

13. Special District Risk Management Authority

The Executive Officer explained that, as a member of the Special District Risk Management Authority (SDRMA), LAFCO purchases its workers' compensation and property/liability insurance through this authority. LAFCO recently received a letter from SDRMA requesting members to adopt a resolution in order to continue covering governing body members and/or volunteers. 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 change in coverage or increased costs.

Upon motion by Andersen, second by Blubaugh, Commissioners, by a vote of 6-0, approved the resolution confirming workers' compensation coverage for Commissioners, as presented.

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

14. Executive Officer's Performance Review and Compensation

Chair McGill reported that during the closed session at the end of the December 13, 2017 meeting Commissioners had confirmed their continued support of the exceptional work done by the Executive Officer. The Commission recommends 3.5% increase to the Executive Officer's base salary effective January 1, 2018.

Upon motion by Blubaugh, second by Tatzin, Commissioners unanimously, by a 6-0 vote, approved a 3.5% increase to the Executive Officer's base salary effective January 1, 2018.

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

15. Commissioner Comments and Announcements

Commissioner McGill reported that he attended the CALAFCO Legislative Committee meeting on December 15, and will attend the CALAFCO Legislative Committee meeting on January 19, 2018.

16. Staff Announcements

The Executive Officer drew Commissioners' attention to the upcoming CALAFCO U session and to the 2018 CALAFCO calendar, as well as the legislative update. She noted that Senator Glazer's bill (SB 522) changing the selection of the West Contra Costa Healthcare District from election to appointment by the Contra Costa County Board of Supervisors was being considered by the Senate Governance and Finance Committee that day.

The Executive Officer reported that she had received a letter from Trish Bello-Kunkel and numerous other Knightsen residents who were protesting the tax increase recently imposed by the Knightsen Town Community Services District (KTCSD). She has asked KTCSD to present an update on its activities at a upcoming LAFCO meeting.

The meeting adjourned at 3:29 p.m.

Final Minutes Approved by the Commission February 14, 2018.

AYES:
NOES:
ABSTAIN:
ABSENT:

By _____
Executive Officer