



NOTICE AND AGENDA FOR REGULAR MEETING

DATE/TIME: Wednesday, July 11, 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.

July 11, 2018 CONTRA COSTA LAFCO AGENDA

1. Call to Order and Pledge of Allegiance
2. Roll Call
3. Adoption of Agenda
4. Public Comment Period (please observe a 3-minute time limit)
5. Approval of Minutes for the June 13, 2018 regular LAFCO meeting

SPHERE OF INFLUENCE (SOI) AMENDMENTS/CHANGES OF ORGANIZATION

6. ***LAFCO 17-09 – West County Wastewater District (WCWD) Annexation 317 (Sunborne Nursery)*** – consider proposed annexation to WCWD comprising 6.981± acres along with road rights-of-way, located at 2206 Central Street in unincorporated North Richmond (APNs 408-203-006 and -011); and consider related actions under the California Environmental Quality Act (CEQA) ***Public Hearing***
7. ***LAFCO 18-01 – West County Wastewater District (WCWD) Annexation 318*** - consider proposed annexation to WCWD comprising 1.68± acres located at the intersection of Hillside Drive and Castro Ranch Road in unincorporated El Sobrante (APN 433-110-015); and consider related actions under CEQA ***Public Hearing***
8. ***LAFCO 18-05 – Chang Property – Central Contra Costa Sanitary District (CCCSD) and East Bay Municipal Utility District (EBMUD) Sphere of Influence (SOI) Amendments*** – consider proposal to amend the SOIs of CCCSD and EBMUD by 63.5± acres located at the intersection of Bollinger Canyon Road and Crow Canyon Road in unincorporated San Ramon; and consider related actions under CEQA ***Public Hearing***

BUSINESS ITEMS

9. ***Response to Contra Costa County Grand Jury Report No. 1802*** – consider approving a response to Grand Jury Report No. 1802 - “*Los Medanos Community Healthcare District*”
10. ***Response to Contra Costa County Grand Jury Report No. 1808*** – consider approving a response to Grand Jury Report No. 1808 - “*Joint Powers Authorities*”

CORRESPONDENCE

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

INFORMATIONAL ITEMS

12. Commissioner Comments and Announcements
13. Staff Announcements
 - CALAFCO Updates
 - Pending Projects
 - Newspaper Articles

ADJOURNMENT

Next regular LAFCO meeting August 8, 2018 at 1:30 pm

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

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MINUTES OF MEETING

June 13, 2018

Board of Supervisors Chambers
Martinez, CA

July 11, 2018
Agenda Item 5

1. Chair Mike McGill 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.

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

City Member Don Tatzin. *City Member Rob Schroder arrived at 1:45 p.m.*

Public Members Don Blubaugh and Alternate Charles Lewis.

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 Blubaugh, Commissioners approved the agenda unanimously, 6-0.

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

NOES: none

ABSENT: Schroder (M)

ABSTAIN: none

4. Public Comments

Benjamin Brisjar accompanied by board members of Pittsburg Fifty Plus Club, representing senior citizens in that city, spoke about preserving Los Medanos Community Healthcare District (LMCHD) to ensure grants to programs that improve the physical, mental, and emotional health of residents. When asked by Commissioners if they preferred that the District continue to exist or be dissolved with the grant funds still available, Mr. Brisjar stated that they preferred the District remain in place.

Deborah Polk, REading ADvantage Inc., cited the strong connection between reading and health, stating that a child that is read to for 20 minutes a day in its first years has proven to be more successful in school and in life. Further, many studies have shown the difficulties that illiterate adults have in navigating everyday life, which impacts their mental, emotional, and physical health. The funding this organization receives from LMCHD is essential.

Commissioner Glover, in response, noted that dissolution of the District would not dissolve its grant program.

Barbara Hunt, Development Director for St. Vincent de Paul of Contra Costa County, which operates the Rota Care Pittsburg Free Medical Clinic for the uninsured. That organization has provided over 10,000 patient visits for free to area uninsured residents. Given the changes to the Affordable Care Act, it is clear that this service is critical to the community. Ms. Hunt added that LMCHD has a depth of knowledge and roots in the community that provides a consistency of service to residents.

Commissioner Glover reiterated his assertion that dissolution of the District would not dissolve the grant program.

Janette Kennedy, Development Director for Loaves and Fishes of Contra Costa, noted that LMCHD provides funding for its Pittsburg (over 2,300 meals a month or over 27,000 a year) and Bay Point (900 meals/month or 10,000 a year) dining rooms, which are more than soup kitchens; in addition to nutritious full meals, the organization also distributes fresh produce to its visitors.

Commissioner Skaredoff noted that, as a Loaves and Fishes volunteer in Martinez, he can attest to the program and its benefits.

DRAFT

Debra Mason, with the Bay Point Historical Society, spoke regarding Ambrose Recreation & Park District, noting that the District was not responsive to a recent Public Records Act request, and emphasizing her belief that it is not a viable park district and it does not have a functional board.

5. Approval of May 9, 2018 Meeting Minutes

Upon motion of Andersen, second by Tatzin, the May 9, 2018 meeting minutes were approved by a vote of 6-0.

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

6. LAFCO 18-07 – City of Martinez Out of Agency Service (Wanda Way)

The Executive Officer provided brief background on this request to provide municipal water service to property located on Wanda Way in the unincorporated Alhambra Valley area, which is outside the City boundary, but within the City’s SOI and ULL. Although the City indicates it cannot annex the property at this time, the City has demonstrated, through two separate resolutions, a commitment to annexing this area in the future, and has also executed a deferred annexation agreement with the property owner.

Commissioner Tatzin asked if there is any City of Martinez timeline on annexation. Commissioner Schroder responded that it depends on City resources and priorities, and that one portion of Alhambra Valley will be annexed in the near future (Dunivan property). Commissioner Schroder added that the North Pacheco area will also be considered for future annexation.

Upon motion of Glover, second by Blubaugh, Commissioners unanimously, by a 7-0 vote, found the project exempt pursuant to §15303 of the CEQA Guidelines; and authorized the City of Martinez to extend municipal water service outside its jurisdictional boundary to the 0.65±-acre parcel located on Wanda Way in the unincorporated Alhambra Valley, subject to specified terms and conditions.

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

7. LAFCO 17-11 – Kirkpatrick Drive Annexation to West County Wastewater District (WCWD)

The Executive Officer provided brief background on this proposal to annex 1.2± acres (one and one-half parcels) to WCWD to correct a boundary irregularity, which was approved by the Commission at the April 11, 2018 meeting. Because the annexation did not have 100% landowner consent, the annexation was subject to a protest hearing.

Staff held the protest hearing on May 30, and no protests were filed; consequently, the reorganization is ordered.

Upon motion of Tatzin, second by Blubaugh, Commissioners, by a 7-0 vote, received the report, ordered the annexation, and directed staff to execute the determination.

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

8. Fiscal Year 2016-17 Financial Audit

The Executive Officer presented the FY 2016-17 financial audit, reviewed by R.J. Ricciardi, Inc., whose auditor found LAFCO’s financial statements fairly represent LAFCO’s financial position in all material respects; are in conformance with generally accepted accounting principles; and are free of misstatements. The FY 2016-17 audit report also notes that the economic condition of LAFCO as it appears on the

Statement of Net Position reflects financial stability and the potential for organizational growth. The Executive Officer thanked Kate Sibley and the County Auditor's Office for their help with the annual audit.

Upon motion of McGill, second by Tatzin, Commissioners received and directed staff to file the audit report for Fiscal Year 2016-17.

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

9. Contract Extension – Lamphier-Gregory

The Executive Officer presented an extension to the current contract with Lamphier-Gregory for environmental planning services. The one-year extension includes minor increases to the hourly rates. Adequate funds are included in the FY 2018-19 budget.

Upon motion of Andersen, second by Skaredoff, Commissioners unanimously, by a 7-0 vote, authorized staff to execute a one-year contract extension with Lamphier-Gregory extending the term of the contract through June 30, 2019; and approving the increase of hourly rates.

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

10. Legislative Update and Position Letters

The Executive Officer reported on legislation that CALAFCO is sponsoring: the annual omnibus bill, AB 3254, and AB 2258, which would provide one-time grant funding to LAFCOs to prepare special studies in conjunction with the Little Hoover Commission's recommendations relating to special districts. Additionally, CALAFCO is tracking a number of bills that have direct and indirect impact on LAFCOs, a summary of which is included with the Commission's agenda packet.

The Executive Officer also noted that on May 17, CALAFCO issued an urgent call for support letters for three bills - AB 2238, adding a new factor to the LAFCO determinations; AB 2268, which restores funding for inhabited annexations, and SB 929, which would require independent districts to have a website unless certain exemptions can be met.

11. CALAFCO 2018 Conference Materials

The Executive Officer noted that the annual CALAFCO conference will be held October 3-5, at Tenaya Lodge in Yosemite. Registration is now open. Additionally, CALAFCO has called for nominations for both the CALAFCO Board of Director and CALAFCO Achievement Awards. The election of CALAFCO Board members and Achievement Award ceremony will take place at the annual CALAFCO conference on October 4th.

For the CALAFCO Board of Directors, there are eight seats up for election this fall, two from each of the four regions. The two seats in the Coastal Region, to which Contra Costa belongs, are for a County seat and a Special District seat. The deadline for Board nominations is **Sept 4th**. Commissioner McGill serves on the CALAFCO Board and is currently serving as Secretary, and he seeks reelection to the Board. Candidates must be nominated by the Commission on which they serve.

Finally, the CALAFCO bylaws require that each LAFCO designate a voting delegate to vote on behalf of their Commission. The voting delegate may be a commissioner, alternate commissioner or executive officer. Voting delegates must be designated by **Sept 4th**. Contra Costa LAFCO typically designates a voting delegate and an alternate voting delegate.

Upon motion of Blubaugh, second by Tatzin, Commissioners unanimously, by a 7-0 vote, nominated Commissioner McGill to run for another term on the CALAFCO Board.

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

Upon motion of Blubaugh, second by Glover, Commissioners unanimously, by a 7-0 vote, appointed Commissioner McGill as the voting delegate and Commissioner Tatzin as the alternate voting delegate.

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

12. Correspondence -CCCERA

There were no comments on this item.

13. Commissioner Comments and Announcements

Commissioner McGill reported that he attended a CALAFCO Board meeting on May 11 and a CALAFCO Legislative Committee meeting on June 8. Additionally, he has spent some time working on AB 2258, the CALAFCO-sponsored bill that would provide funding for LAFCOs needing to study and dissolve inactive districts. This five-year pilot project has received pushback from California Special Districts Association. He also recently held a meeting of the CALAFCO Ad Hoc Finance Committee, which is looking at the CALAFCO dues structure statewide.

Commissioner Skaredoff reported that he recently attended the Contra Costa Watershed Stormwater Resource Plan Technical Advisory Committee meeting. He believes a presentation to LAFCO from this group's chair in the next few months would be beneficial.

14. Staff Announcements

The Executive Officer reported that the City Services 2nd Round MSR has begun. Staff also noted that Commissioners recently received an email with two CEQA documents for proposals being brought to the Commission in July.

The meeting adjourned at 2:08 p.m.

Final Minutes Approved by the Commission July 11, 2018.

AYES:
NOES:
ABSTAIN:
ABSENT:

By _____
Executive Officer

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
EXECUTIVE OFFICER'S REPORT

July 11, 2018 (Agenda)

July 11, 2018
Agenda Item 6

LAFCO 17-09 West County Wastewater District (WCWD) Annexation 317 (Sunborne Nursery)

APPLICANT WCWD by Resolution No. 17-025 adopted July 19, 2017

SYNOPSIS The WCWD proposes to annex 6.981± acres (APNs 408-203-006 and -011) located adjacent to 2206 Central Street in unincorporated North Richmond, as shown in Attachment 1. The property proposed for annexation is currently vacant with a caretaker's residence at 112 Brookside Drive. The landowner proposes to construct a new 72,417 square foot greenhouse with 41 off-street parking spaces, and renovate the existing 2,090 square foot caretaker's residence. The annexation will also include adjacent road rights-of-way totaling 0.76± acres (Brookside Ave and Pittsburg Ave) to avoid the creation of islands. The total acreage proposed for annexation is 7.741± acres.

DISCUSSION

The District filed an application with LAFCO to annex the properties to WCWD. The proposed annexation will facilitate the development of a new greenhouse and renovation of an existing residential unit.

Government Code §56668 sets forth factors that the Commission must consider in evaluating a proposed boundary change as discussed below. In the Commission's review, no single factor is determinative. In reaching a decision, each is to be evaluated within the context of the overall proposal.

1. Consistency with the Sphere of Influence (SOI) of Any Local Agency:

The area proposed for annexation is within WCWD's SOI, and within the County Urban Limit Line; the parcels are located in the unincorporated community of North Richmond.

2. Land Use, Planning and Zoning - Present and Future:

The County General Plan designation for the subject parcels is Heavy Industrial. The County zoning on the parcels is P-1 (Planned Unit) - North Richmond Planned Unit District. Land use designations in the surrounding areas are industrial. Surrounding land uses include industrial development to the east and west and heavy industrial to the north and south. No changes are proposed to the General Plan or zoning designations as part of this proposal.

3. The Effect on Maintaining the Physical and Economic Integrity of Agricultural and Open Space Lands:

The subject property contains no prime farmland or land covered under Williamson Act Land Conservation agreements; there are no agricultural uses on the property proposed for annexation.

4. Topography, Natural Features and Drainage Basins:

The topography of the subject parcels and surrounding areas is flat; the majority of the site ranges in elevation from 13 to 16 feet above mean sea level. The subject property contains no significant topographic features.

5. Population:

No new residential development is proposed on the subject parcels; therefore, there is no projected population growth associated with this proposal.

6. Fair Share of Regional Housing:

In its review of a proposal, LAFCO must consider the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the regional council of governments. No new residential development is proposed; thus, the proposed annexation will have no effect on regional housing needs.

7. Governmental Services and Controls - Need, Cost, Adequacy and Availability:

Whenever a local agency submits a resolution of application for a change of organization or reorganization, the local agency shall also submit a plan for providing services within the affected territory (Gov. Code §56653). The plan shall include all of the following information and any additional information required by the Commission or the LAFCO Executive Officer:

- (1) An enumeration and description of the services to be extended to the affected territory.
- (2) The level and range of those services.
- (3) An indication of when those services can feasibly be extended to the affected territory.
- (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
- (5) Information with respect to how those services will be financed.

The District's Plan for Providing Services is on file in the LAFCO office. The annexation area is served by various local agencies including, but not limited to, Contra Costa County, Contra Costa County Fire Protection District, and East Bay Municipal Utility District (EBMUD).

The proposal before the Commission is to annex two parcels to the WCWD for the provision of sanitary sewer service. WCWD provides wastewater collection, treatment and disposal services for a 16.9± square mile service area within the City of Richmond (40% of District), the City of San Pablo (15% of District), the City of Pinole (2% of the District) and other unincorporated areas within Contra Costa County (43% of the District). WCWD serves approximately 93,000 customers. The District's facilities include a water pollution control plant, 249 miles of sewer pipeline, and 17 pump stations. WCWD's wastewater treatment plant has capacity of 12.5 million gallons per day (mgd) dry weather capacity and 21 mgd wet weather treatment capacity.

Based on the proposed development of a greenhouse and renovation of an existing residential unit, the projected demand for wastewater service is approximately 3,875 gallons of flow per day. WCWD has infrastructure in the area which runs along the frontage of the property on Central Street. The District indicates that a 6-inch pipe will serve the two buildings, and that the District has adequate capacity to serve the proposed development.

8. Timely Availability of Water and Related Issues:

Water service is currently provided to the properties by EBMUD. The EBMUD service area is approximately 331 square miles (Contra Costa and Alameda counties). EBMUD provides potable water to approximately 1.3 million people within the two-county service area. Within Contra Costa County, EBMUD provides water service to a 146+ square mile service area, serving an estimated 477,212 residents.

EBMUD's water supply is distributed through a collection system consisting of aqueducts, reservoirs, and other components. The primary source of water supply for EBMUD is the Mokelumne River; this watershed accounts for 90 percent of EBMUD's water supply.

EBMUD's existing water rights allow the delivery of up to 325 mgd or approximately 364,046 acre-feet per year of water from the Mokelumne River. The County reported that EBMUD has reviewed the proposed development as part of the County's environmental review process, and confirmed that EBMUD can adequately serve the project.

9. Assessed Value, Tax Rates and Indebtedness:

The annexation area is within tax rate area 85084. The total assessed value for the annexation area is \$1,429,745 (2017-18 roll). The territory being annexed shall be liable for all authorized or existing taxes comparable to properties presently within the annexing agencies. The County and District will rely on the master tax transfer agreement for this annexation.

10. Environmental Impact of the Proposal:

Contra Costa County, as Lead Agency, prepared a Mitigated Negative Declaration (MND) and an Addendum in conjunction with the project. The 2016 IS/MND covered three parcels, including the two proposed for annexation, and evaluated the impacts of the proposed development project. The 2016 IS/MND identified potentially significant impacts in the environmental areas of aesthetics, hazardous materials, geology/soils, cultural resources and noise. The County's environmental analysis determined that measures were available to mitigate potential adverse impacts to insignificant levels.

The 2016 MND did not address annexation to the WCWD. Consequently, in 2018, the County prepared an Addendum to address the proposed annexation. Copies of the environmental documents were previously provided the Commission and are available in the LAFCO office. These environmental documents are sufficient for LAFCO's action.

11. Landowner Consent and Consent by Annexing Agency:

According to County Elections, there are zero registered voters in the area proposed for annexation; thus, the area proposed for annexation is considered uninhabited.

WCWD indicates that 100% of the affected landowners have provided consent to the annexation. Thus, if the Commission approves the annexation, the Commission may waive the protest hearing (Gov. Code §56662). All landowners and registered voters within the proposal area and within 300 feet of the exterior boundaries of the area have received notice of the July 11, 2018 LAFCO hearing.

12. Boundaries and Lines of Assessment:

The annexation area is within WCWD's SOI and contiguous to the District's service boundary. A map and legal description to implement the proposed boundary changes have been submitted and are subject to approval by the County Surveyor. Annexation of these two parcels and adjacent road rights-of-way will eliminate an island.

13. Environmental Justice:

LAFCO is required to consider the extent to which a change of organization or reorganization proposal will promote environmental justice. As defined by statute, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. The proposed annexation is not expected to promote or discourage the fair treatment of minority or economically disadvantaged groups.

14. Disadvantaged Communities:

In accordance with state law, local agencies and LAFCOs are required to plan for disadvantaged unincorporated communities (DUCs). Many of these communities lack basic infrastructure, including streets, sidewalks, storm drainage, clean drinking water, and adequate sewer service. LAFCO actions relating to Municipal Service Reviews, SOI reviews/ amendments, and annexations must take into consideration DUCs, and specifically the adequacy of public services, including sewer, water, and fire protection needs or deficiencies, to these communities. According to the County Department of Conservation and Development, the area proposed for annexation meets the criteria of a DUC.

15. Comments from Affected Agencies/Other Interested Parties

No comments were received from other affected agencies or parties.

16. Regional Transportation and Regional Growth Plans:

In its review of a proposal, LAFCO shall consider a regional transportation plan adopted pursuant to Gov. Code §65080 [Gov. Code §56668(g)]. Further, the Commission may consider the regional growth goals and policies established by a collaboration of elected officials only, formally representing their local jurisdictions in an official capacity on a regional or subregional basis (Gov. Code §56668.5). Regarding these sections, LAFCO looks at consistency of the proposal with the regional transportation and other regional plans affecting the Bay Area.

SB 375, a landmark state law, requires California's regions to adopt plans and policies to reduce the generation of greenhouse gases (GHG), primarily from transportation. To implement SB 375, in July 2013, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) adopted Plan Bay Area as the "Regional Transportation Plan and Sustainable Communities Strategy" for the San Francisco Bay Area through 2040. Plan Bay Area focuses on where the region is expected to grow and how development patterns and the transportation network can work together to reduce GHG emissions. The Plan's key goals are to reduce GHG emissions by specified amounts; and to plan sufficient housing for the region's projected population over the next 25 years.

In July 2017, ABAG and MTC adopted Plan Bay Area 2040, which updates the 2013 Plan Bay Area and reaffirms the goals and targets identified in the earlier version. Plan Bay Area establishes "Priority Conservation Areas" (PCAs) and "Priority Development Areas" (PDAs), and focuses growth and development in nearly 200 PDAs. The area proposed for annexation is not within a PCA or a PDA; however, the proposed annexation does not appear to conflict with the regional transportation or growth plans.

ALTERNATIVES FOR COMMISSION ACTION

After consideration of this report and any testimony or additional materials that are submitted the Commission should consider taking one of the following actions:

Option 1 Approve the annexation as proposed.

- A. Find that, as a Responsible Agency under CEQA, the Commission has reviewed and considered information contained in Contra Costa County's 2016 Initial Study/Mitigated Negative Declaration and Mitigation Monitoring & Reporting Program and 2018 Addendum (DP16-3008).

- B. Adopt this report, approve LAFCO Resolution No. 17-09 (Attachment 2), and approve the proposal, to be known as *West County Wastewater District Annexation No. 317 (Sunborne Nursery)* subject to the following terms and conditions:
1. The territory being annexed shall be liable for the continuation of any authorized or existing special taxes, assessments and charges comparable to properties presently within the annexing agency.
 2. That WCWD has delivered an executed indemnification agreement providing for WCWD to indemnify LAFCO against any expenses arising from any legal actions challenging the annexation.
- C. Find that the subject territory is uninhabited, the proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.

Option 2 Adopt this report and DENY the proposal.

Option 3 If the Commission needs more information, CONTINUE this matter to a future meeting.

RECOMMENDED ACTION:

Option 1 – Approve the annexation as proposed.

LOU ANN TEXEIRA, EXECUTIVE OFFICER
CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

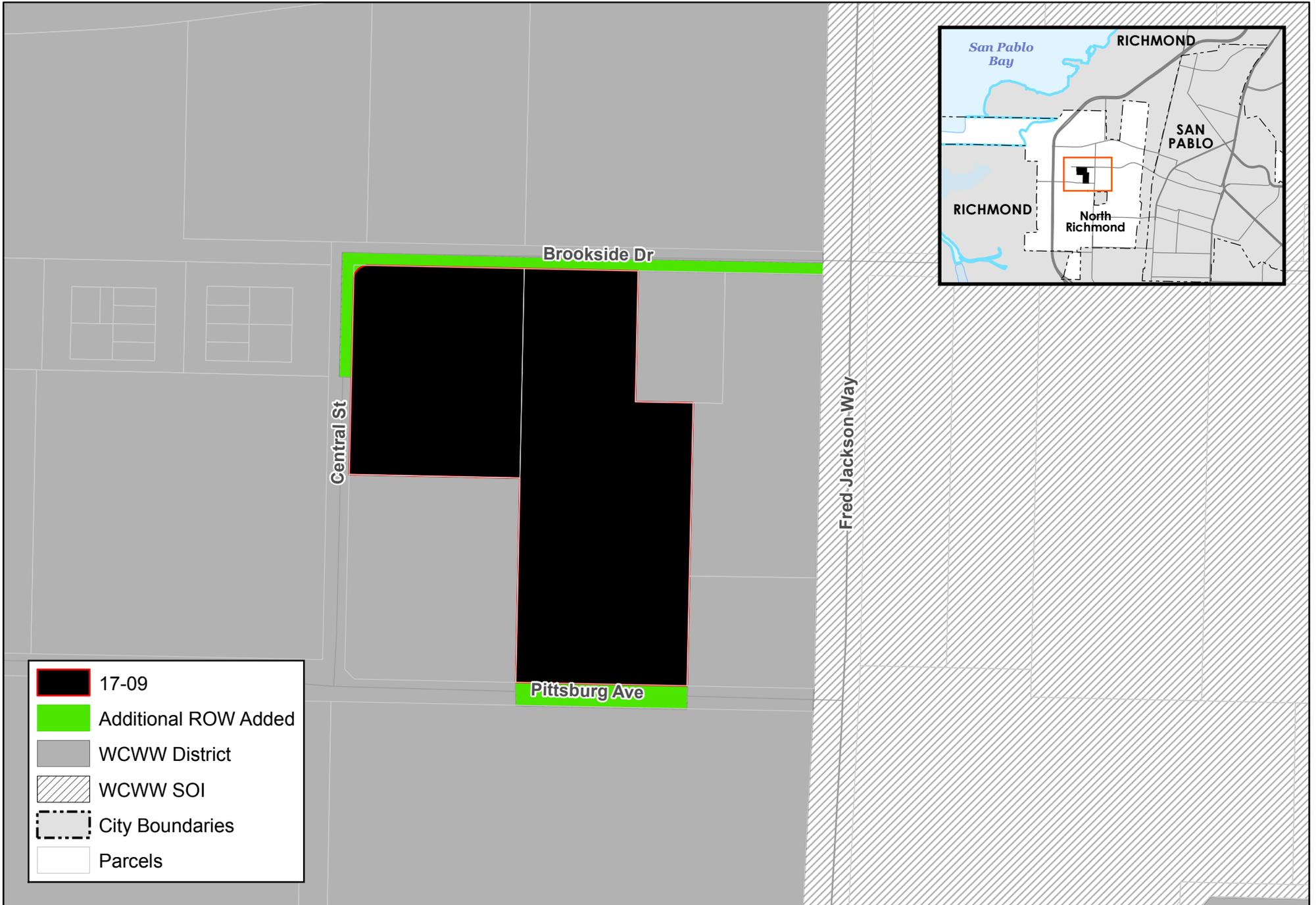
Exhibits

A – WCWD Annexation Map

B – Draft LAFCO Resolution 17-09

c: Distribution

LAFCO 17-09 West County Wastewater District Annexation 317 (Sunborne Nursery)



	17-09
	Additional ROW Added
	WCWW District
	WCWW SOI
	City Boundaries
	Parcels

Map created 06/04/2018
 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



RESOLUTION NO. 17-09

**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND APPROVING
WEST COUNTY WASTEWATER DISTRICT (WCWD)
ANNEXATION NO. 317 (SUNBORNE NURSERY)**

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

WHEREAS, the Executive Officer has examined the application and executed her certification in accordance with law, determining and certifying that the filing is sufficient; and

WHEREAS, at the time and in the manner required by law the Executive Officer has given notice of the Commission's consideration of the proposal; and

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations therein, and the report and related information have been presented to and considered by the Commission; and

WHEREAS, at a public hearing held on July 11, 2018, the Commission heard, discussed and considered all oral and written testimony related to the proposal including, but not limited to, the Executive Officer's report and recommendation, the environmental document or determination, applicable General and Specific Plans, consistency with the sphere of influence, contiguity with the district's boundary, and related factors and information including those contained in Gov. Code §56668; and

WHEREAS, information satisfactory to the Commission has been presented that no affected landowners/registered voters within the annexation area object to the proposal; and

WHEREAS, the Local Agency Formation Commission determines the proposal to be in the best interest of the affected area and the organization of local governmental agencies within Contra Costa County;

NOW, THEREFORE, the Contra Costa Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. LAFCO, as a Responsible Agency under the California Environmental Quality Act (CEQA), has reviewed and considered information contained in Contra Costa County's 2016 Initial Study/Mitigated Negative Declaration and Mitigation Monitoring & Reporting Program, and in the County's 2018 Addendum (DP16-3006), and finds that there are no direct or indirect environmental effects that would result from LAFCO's approval of the annexation; and therefore, no additional mitigation measures are required beyond those already included in the CEQA documents prepared by Contra Costa County.
2. The annexation is hereby approved.
3. The subject proposal is assigned the distinctive short-form designation:

WEST COUNTY WASTEWATER DISTRICT ANNEXATION NO. 317

4. The boundaries of the affected territory, including two parcels and adjacent road rights-of-way, are found to be definite and certain as approved and set forth in Exhibit A, attached hereto and made a part hereof.
5. The subject territory shall be liable for any authorized or existing taxes, charges and assessments comparable to properties within the annexing agency.
6. That WCWD delivered an executed indemnification agreement between the WCWD and Contra Costa LAFCO providing for WCWD to indemnify LAFCO against any expenses arising from any legal actions challenging the annexation.
7. The territory proposed for annexation is uninhabited.
8. The proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.
9. All subsequent proceedings in connection with this annexation shall be conducted only in compliance with the approved boundaries set forth in the attachments and any terms and conditions specified in this resolution.

PASSED AND ADOPTED THIS 11th day of July 2018, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

MICHAEL R. MCGILL, 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.

Dated: July 11, 2018

Lou Ann Texeira, Executive Officer

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
EXECUTIVE OFFICER'S REPORT

July 11, 2018 (Agenda)

LAFCO 18-01 West County Wastewater District (WCWD) Annexation 318

July 11, 2018
Agenda Item 7

APPLICANT WCWD by Resolution No. 18-004 adopted January 3, 2018

SYNOPSIS The WCWD proposes to annex one parcel consisting of 1.68± acres (APN 433-110-015) to WCWD. The vacant parcel is located at 5917 Hillside Drive in unincorporated El Sobrante, as shown in Exhibit A. The landowner plans to develop one single family residential dwelling unit on the property.

DISCUSSION

Government Code §56668 sets forth factors that the Commission must consider in evaluating a proposed boundary change as discussed below. In the Commission's review, no single factor is determinative. In reaching a decision, each is to be evaluated within the context of the overall proposal.

1. **Consistency with the Sphere of Influence (SOI) of Any Local Agency:**

The property proposed for annexation is within WCWD's SOI, and within the County Urban Limit Line; the parcel is located in the unincorporated community of El Sobrante.

2. **Land Use, Planning and Zoning - Present and Future:**

The County General Plan designation for the subject parcel is Single Family Residential – Low Density (SL) and the zoning is General Agricultural Zoning District (A-2). Land use designations in the surrounding areas include single family residential to the north (City of Richmond) and south, single family residential and open space to the east, and single family and residential and an elementary school to the west (City of Richmond). The proposed single family residential unit is comparable with the surrounding areas. No changes are proposed to the General Plan or zoning designations as part of this proposal.

3. **The Effect on Maintaining the Physical and Economic Integrity of Agricultural and Open Space Lands:**

The subject properties contain no prime farmland or land covered under Williamson Act Land Conservation agreements; there are no agricultural uses on the parcel proposed for annexation.

4. **Topography, Natural Features and Drainage Basins:**

The property proposed for annexation is located on a corner lot, along the eastern side of Hillside Drive at Castro Ranch Road, and is nestled into a hillside. The residential building pad is located in a relatively flat area. Beyond this area, the elevation increases steeply to the northeast. Castro Creek flows through the property along the Castro Ranch Road frontage in a north-south direction. The residence does not require a substantial cut into the hillside and is outside of the creek structure setback area. The area to the east of the subject property slopes upward; and the other surrounding areas are generally flat.

Population:

One single family residential unit is proposed on the subject parcel. The estimated population increase for the annexation area is approximately 2.65 based on the recent U.S. Census Bureau data which estimates an average of 2.65 persons per household for the El Sobrante area.

5. Fair Share of Regional Housing:

In its review of a proposal, LAFCO must consider the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the regional council of governments. The proposed annexation will have no effect on regional housing needs.

6. Governmental Services and Controls - Need, Cost, Adequacy and Availability:

An application for a change of organization or reorganization typically requires a plan for providing services within the affected territory (Gov. Code §56653). The plan shall include all of the following information and any additional information required by the Commission or the LAFCO Executive Officer:

- (1) An enumeration and description of the services to be extended to the affected territory.
- (2) The level and range of those services.
- (3) An indication of when those services can feasibly be extended to the affected territory.
- (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
- (5) Information with respect to how those services will be financed.

The District's Plan for Providing Services is on file in the LAFCO office. The annexation area is served by various local agencies including, but not limited to, Contra Costa County, Contra Costa County Fire Protection District, and East Bay Municipal Utility District (EBMUD).

The proposal before the Commission is to annex one parcel to the WCWD for the provision of sanitary sewer service. WCWD provides wastewater collection, treatment and disposal services for a 16.9± square mile service area serving over 93,000 customers within the cities of Richmond, San Pablo and Pinole, and various unincorporated areas in West County. District facilities include a water pollution control plant, 249 miles of sewer pipeline, and 17 pump stations. WCWD's wastewater treatment plant has capacity of 12.5 million gallons per day (mgd) dry weather capacity and 21 mgd wet weather treatment capacity.

Based on the proposed development of one single family residential unit, the projected demand for wastewater service is approximately 270 gallons of flow per day. The District indicates that a 4-inch pipe will serve the residential unit, and that the District has adequate capacity to serve the proposed development.

7. Timely Availability of Water and Related Issues:

The subject property is within the service boundary of EBMUD, which serves an area of 331± square miles (Contra Costa and Alameda counties). EBMUD provides potable water to approximately 1.3 million people within the two-county service area. Within Contra Costa County, EBMUD provides water service to a 146± square mile service area, serving an estimated 477,212 residents. The primary source of water supply for EBMUD is the Mokelumne River; this watershed accounts for 90% of EBMUD's water supply. EBMUD can adequately serve the project.

8. Assessed Value, Tax Rates and Indebtedness:

The annexation area is within tax rate area 85038. The total assessed value for the annexation area is \$47,746 (2017-18 roll). The territory being annexed shall be liable for all authorized or existing taxes comparable to properties presently within the annexing agencies. The County and District will rely on the master tax transfer agreement for this annexation.

9. Environmental Impact of the Proposal:

The WCWD found the proposed annexation of APN 433-110-015 categorically exempt pursuant to CEQA Guidelines sections 15303(a). The District prepared a Notice of Exemption which the LAFCO environmental coordinator finds to be adequate.

10. Landowner Consent and Consent by Annexing Agency:

According to County Elections, there are zero registered voters in the area proposed for annexation; thus, the area proposed for annexation is considered uninhabited. The affected landowner consents to the annexation. Thus, if the Commission approves the annexation, the Commission may waive the protest hearing (Gov. Code §56662). All landowners and registered voters within the proposal area(s) and within 300 feet of the exterior boundaries of the area(s) have received notice of the July 11, 2018 LAFCO hearing.

11. Boundaries and Lines of Assessment:

The annexation area is within WCWD's SOI and contiguous to the District's service boundary. A map and legal description to implement the proposed boundary change has been submitted and is subject to approval by the County Surveyor.

12. Environmental Justice:

LAFCO is required to consider the extent to which a change of organization or reorganization proposal will promote environmental justice. As defined by statute, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. The proposed annexation is not expected to promote or discourage the fair treatment of minority or economically disadvantaged groups.

13. Disadvantaged Communities:

In accordance with state law, local agencies and LAFCOs are required to plan for disadvantaged unincorporated communities (DUCs). Many of these communities lack basic infrastructure, including streets, sidewalks, storm drainage, clean drinking water, and adequate sewer service. LAFCO actions relating to Municipal Service Reviews, SOI reviews/ amendments, and annexations must take into consideration DUCs, and specifically the adequacy of public services, including sewer, water, and fire protection needs or deficiencies, to these communities. According to the County Department of Conservation and Development, the area proposed for annexation does not meet the criteria of a DUC.

14. Comments from Affected Agencies/Other Interested Parties

No comments were received from other affected agencies or parties.

15. Regional Transportation and Regional Growth Plans:

In its review of a proposal, LAFCO shall consider a regional transportation plan adopted pursuant to Gov. Code §65080 [Gov. Code §56668(g)]. Further, the Commission may consider the regional growth goals and policies established by a collaboration of elected officials only, formally representing their local jurisdictions in an official capacity on a regional or subregional basis (Gov. Code §56668.5). Regarding these sections, LAFCO looks at consistency of the proposal with the regional transportation and other regional plans affecting the Bay Area.

SB 375, a landmark state law, requires California's regions to adopt plans and policies to reduce the generation of greenhouse gases (GHG), primarily from transportation. To implement SB 375, in July 2013, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) adopted Plan Bay Area as the "Regional Transportation Plan and Sustainable Communities Strategy" for the San Francisco Bay Area through 2040. Plan Bay Area focuses on

where the region is expected to grow and how development patterns and the transportation network can work together to reduce GHG emissions. The Plan's key goals are to reduce GHG emissions by specified amounts; and to plan sufficient housing for the region's projected population over the next 25 years.

In July 2017, ABAG and MTC adopted Plan Bay Area 2040, which updates the 2013 Plan Bay Area and reaffirms the goals/targets identified in the earlier version. Plan Bay Area establishes "Priority Conservation Areas" (PCAs) and "Priority Development Areas" (PDAs), and focuses growth and development in nearly 200 PDAs. These existing neighborhoods are served by public transit and have been identified as appropriate for additional, compact development. The area proposed for annexation is not within a PCA or a PDA; however, the proposed annexation does not appear to conflict with the regional transportation or growth plans.

ALTERNATIVES FOR COMMISSION ACTION

After consideration of this report and any testimony or additional materials that are submitted the Commission should consider taking one of the following actions:

Option 1 Approve the annexation as proposed.

- A. Find that, as a Responsible Agency under CEQA, the Commission has reviewed and considered information contained in the WCWD's Notice of Exemption.
- B. Adopt this report, approve LAFCO Resolution No. 18-01 (Exhibit B), and approve the proposal, to be known as *West County Wastewater District Annexation 318* subject to the following terms and conditions:
 1. The territory being annexed shall be liable for the continuation of any authorized or existing special taxes, assessments and charges comparable to properties presently within the annexing agency.
 2. The WCWD has delivered an executed indemnification agreement providing for WCWD to indemnify LAFCO against any expenses arising from any legal actions challenging the annexation.
- C. Find that the subject territory is uninhabited, the proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.

Option 2 Adopt this report and DENY the proposal.

Option 3 If the Commission needs more information, CONTINUE this matter to a future meeting.

RECOMMENDED ACTION:

Option 1 – Approve the annexation as proposed.

LOU ANN TEXEIRA, EXECUTIVE OFFICER
CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

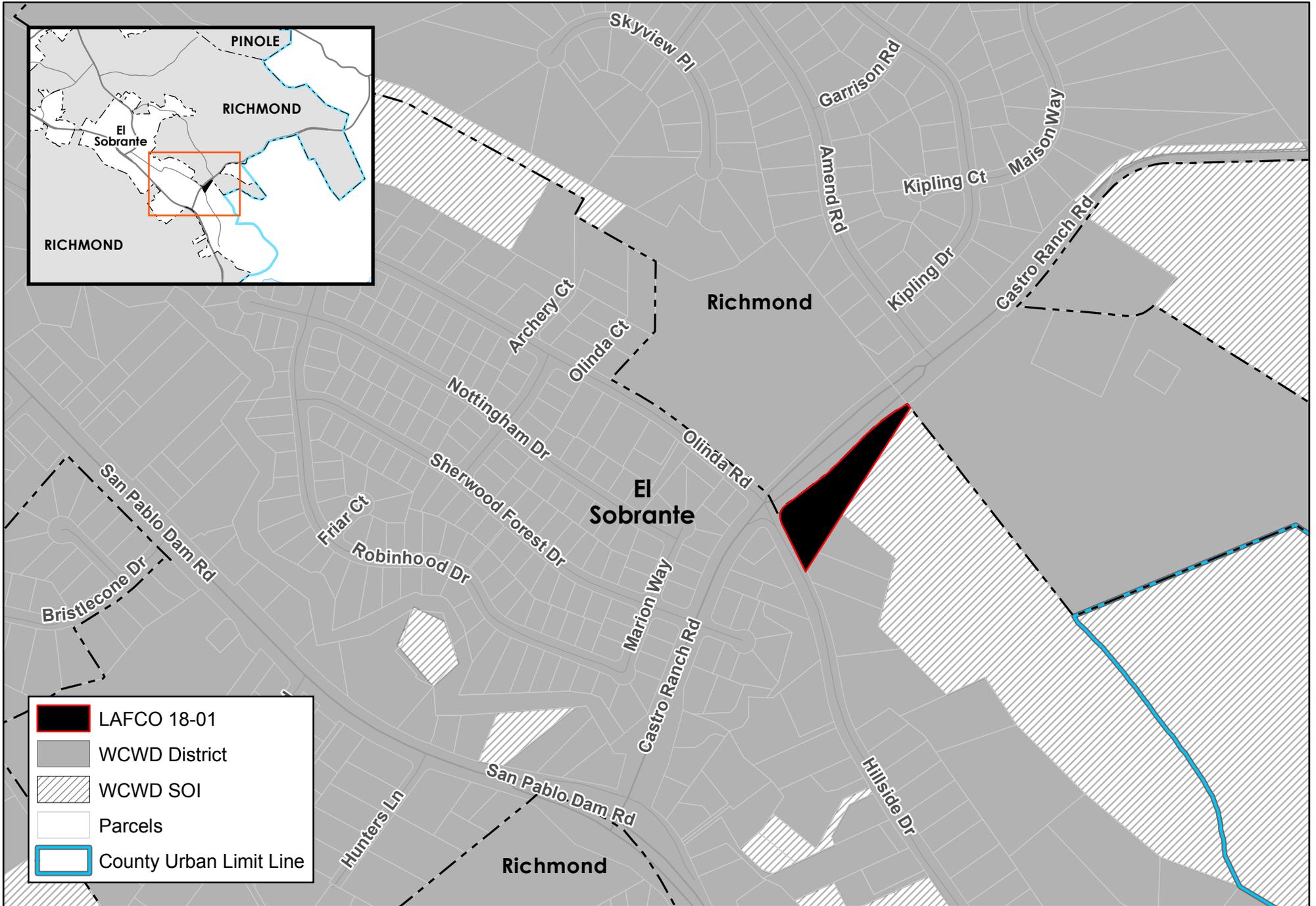
Exhibits

A – WCWD Annexation Map

B – Draft LAFCO Resolution 18-01

c: Distribution

LAFCO 18-01 West County Wastewater Annexation 318 (5917 Hillside Dr, El Sobrante)



RESOLUTION NO. 18-01

**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND APPROVING
WEST COUNTY WASTEWATER DISTRICT (WCWD)
ANNEXATION NO. 318 (HILLSIDE DRIVE)**

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

WHEREAS, the Executive Officer has examined the application and executed her certification in accordance with law, determining and certifying that the filing is sufficient; and

WHEREAS, at the time and in the manner required by law the Executive Officer has given notice of the Commission's consideration of the proposal; and

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations therein, and the report and related information have been presented to and considered by the Commission; and

WHEREAS, at a public hearing held on July 11, 2018, the Commission heard, discussed and considered all oral and written testimony related to the proposal including, but not limited to, the Executive Officer's report and recommendation, the environmental document or determination, applicable General and Specific Plans, consistency with the sphere of influence, contiguity with the district's boundary, and related factors and information including those contained in Gov. Code §56668; and

WHEREAS, information satisfactory to the Commission has been presented that no affected landowners/registered voters within the annexation area object to the proposal; and

WHEREAS, the Local Agency Formation Commission determines the proposal to be in the best interest of the affected area and the organization of local governmental agencies within Contra Costa County;

NOW, THEREFORE, the Contra Costa Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. The project is exempt pursuant to CEQA Guidelines, Sections §§15303(a).
2. The annexation is hereby approved.
3. The subject proposal is assigned the distinctive short-form designation:
WEST COUNTY WASTEWATER DISTRICT ANNEXATION NO. 318
4. The boundaries of the affected territory, including one parcel, are found to be definite and certain as approved and set forth in Exhibit A, attached hereto and made a part hereof.
5. The subject territory shall be liable for any authorized or existing taxes, charges and assessments comparable to properties within the annexing agency.

Contra Costa LAFCO
Resolution No. 18-01

6. That WCWD delivered an executed indemnification agreement between the WCWD and Contra Costa LAFCO providing for WCWD to indemnify LAFCO against any expenses arising from any legal actions challenging the annexation.
7. The territory proposed for annexation is uninhabited.
8. The proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.
9. All subsequent proceedings in connection with this annexation shall be conducted only in compliance with the approved boundaries set forth in the attachments and any terms and conditions specified in this resolution.

* * * * *

PASSED AND ADOPTED THIS 11th day of July 2018, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

MICHAEL R. MCGILL, 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.

Dated: July 11, 2018

Lou Ann Texeira, Executive Officer

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
EXECUTIVE OFFICER'S REPORT

July 11, 2018 (Agenda)

July 11, 2018
Agenda Item 8

LAFCO 18-05 Chang Property – Central Contra Costa Sanitary District (CCCSD) and East Bay Municipal Utility District (EBMUD) Sphere of Influence (SOI) Amendments

APPLICANT Vicky Chang, Property Owner

ACREAGE & LOCATION The applicant proposes to expand the CCCSD and EBMUD SOIs by 63.5± acres, which includes a 60.56± acre portion of the Chang property (195± acres), plus two other parcels including the Mast property (0.44± acres) and Panetta property (2.5± acres).

The subject area is located northwest of the intersection of Bollinger Canyon Road and Crow Canyon Road in unincorporated San Ramon, is inside the City of San Ramon's SOI and Urban Growth Boundary (UGB), and within the Contra Costa County Urban Limit Line (ULL) - see attached map (Exhibit A). The applicant has also submitted a corresponding proposal to annex these properties to the City of San Ramon, CCCSD and EBMUD.

PURPOSE The purpose of the proposal is to allow for the extension of municipal wastewater and water services to facilitate the development of 43 single-family large lot homes and 18 accessory dwelling units on the Chang property, which is consistent with the City of San Ramon's Northwest Specific Plan (NWSP). The Mast property is developed with one single family residence and related structures; and the Panetta property contains structures consistent with the current agricultural uses on the property. The Mast and Panetta properties are included in the application to avoid the creation of islands. No anticipated changes in land use on the Mast and Panetta properties will result from the proposed SOI and boundary changes.

On June 26, 2018, the San Ramon City Council adopted Resolution No. 2018-079 in support of the proposed SOI amendments and corresponding annexations to the City of San Ramon, CCCSD and EBMUD.

BACKGROUND The Chang property consists of open space utilized for agriculture and rangeland. The Mast property is developed with one single family residence and related structures; and the Panetta property contains structures consistent with the current agricultural uses on the property. The purpose of the proposed SOI and boundary changes is to facilitate development of the Chang property. The proposed development includes 43 single-family large lot homes, 18 accessory dwelling units, a tot lot, neighborhood park, and trail connections, along with landscaping, utilities and street improvements. Surrounding land uses include open space and agricultural uses to the north and west, multi- and single-family residential to the east, and single-family to the south.

The remainder of the Chang property (131± acres) will remain outside of the proposal area as unincorporated land with open space, agricultural and scenic uses. The 131± acres will be permanently preserved for these uses via the recordation of a perpetual open space easement.

In March 2018, the landowner submitted applications to Contra Costa LAFCO to amend the SOIs of CCCSD and EBMUD and annex the subject area to the City of San Ramon, CCCSD and EBMUD. Included with the application was a request that Alameda LAFCO transfer jurisdiction to Contra Costa LAFCO to process these

applications, as Alameda is designated the principal county for LAFCO proceedings, as defined by Gov. Code §56066 (i.e., the county having the greatest portion of the assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within the district). Contra Costa LAFCO submitted a request to Alameda LAFCO for transfer of jurisdiction, which Alameda LAFCO approved on March 8, 2018.

DISCUSSION The Cortese-Knox-Hertzberg Act (CKH Act) empowers LAFCO with the responsibility for developing and determining the SOI of each local agency within the County, and for enacting policies designed to promote the logical and orderly development of areas within the spheres.

An SOI is defined as *a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO*. The intent of an SOI is to identify the most appropriate area for an agency’s extension of services in the foreseeable future (e.g., 10-20 year horizon). Accordingly, territory included in an agency’s SOI is an indication that the probable need for service has been established, and that the subject agency has been determined by LAFCO to be the most logical service provider for the area.

Pursuant to Government Code section 56425, when amending an SOI for a local agency, LAFCO is required to consider and prepare a written statement of determinations with respect to the following:

1. ***The present and planned uses in the area, including agricultural and open space lands*** – The project site is actively grazed. The County and City General Plan (GP) and zoning designations for the subject parcels are summarized in the table below:

Property	County GP	County Zoning	City GP	City Zoning
Chang	Agricultural Land (AL)	A-4 (Agricultural Preserve – parcel 40 acre minimum)	Hillside/Residential/ Parks/Open Space	Hillside/Residential/ Parks/Open Space
Mast	AL	A-2 (General Agricultural – parcel 5 acre minimum)	Open Space	Open Space
Panetta	AL	A-2	Parks	Parks

The subject area is inside the City’s Urban Growth Boundary (UGB) and inside the County’s Urban Limit Line (ULL). However, the remaining portion of the Chang parcel (131± acres) is outside the UGB and ULL. The project site is not under an active Williamson Act contract. There are lands under Williamson Act contract approximately one mile to the northwest of the site and one mile to the south. Based on the applicant’s assessment, the site does not meet the definition of “prime agricultural land” (Gov. Code section 56064), but does qualify as “agricultural” land” (Gov. Code section 56016) due to active grazing on the property. The landowner has agreed to execute and record a perpetual open space easement to preserve 177± acres as permanent open space which will allow for continuation of existing land uses.

The proposed SOI amendment and pending annexation will facilitate changes in land use and will have an impact on agricultural land. Although no mitigation measures were included in the environmental documents for the project, the landowner has agreed to permanently preserve 177± acres as permanent open space. In addition, the project includes dedication of a public access trail easement to the East Bay Regional Park District (EBRPD) for a potential future trail.

2. ***The present and probable need for public facilities and services in the area*** – The existing land use (grazing) does not require public services or facilities.

Development of the subject area will require a full range of public facilities and municipal services, including water and wastewater services to enable development of the property. The City, in its environmental review, reviewed the provision of municipal services to the area, including water services through EBMUD and wastewater services through CCCSD.

3. ***The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide*** – Regarding **wastewater service**, CCCSD currently serves an estimated population of 484,200 residents in a 145 square mile service area. CCCSD’s wastewater collection system consists of 1,500 miles of sewer mains with 19 pump stations. The majority of CCCSD’s system operates with gravity flow with some pumping stations and force mains. All sewer connections to the subject property will be either gravity flow or individual residential pump systems. Wastewater is conveyed to CCCSD’s wastewater treatment plant in Martinez. CCCSD’s wastewater treatment plant provides secondary level treatment for an average dry weather flow of approximately 35.6 million gallons per day (mgd) of wastewater. The wastewater treatment plant has a design capacity of 54 mgd.

Based on the proposed development of 43 single-family residential units, 18 accessory dwelling units, and related amenities and improvements in the subject area, the estimated demand for sewer service is approximately 9,810 gallons of wastewater per day. This volume equates to an increase of approximately 0.1 mgd. CCCSD has infrastructure in the area and serves surrounding properties. CCCSD has the capacity to serve the project.

Regarding **water service**, EBMUD provides potable water services and limited wastewater collection and treatment services in portions of the District’s service area. The EBMUD service area is approximately 332 square miles (Contra Costa and Alameda counties). EBMUD provides potable water to approximately 1.4 million people within the two-county service area. Within Contra Costa County, EBMUD provides water service to a 146± square mile service area, serving an estimated 477,212 residents.

EBMUD’s water supply is distributed through a collection system consisting of aqueducts, reservoirs, and other components. The primary source of water supply for EBMUD is the Mokelumne River; this watershed accounts for 90 percent of EBMUD’s water supply. EBMUD’s existing water rights allow the delivery of up to 325 mgd or approximately 364,046 acre-feet per year of water from the Mokelumne River.

EBMUD’s water rights are subject to variability, particularly during dry and multiple dry years. The availability of the Mokelumne River runoff is subject to senior water rights of other users, downstream fishery flow requirements, and other Mokelumne River water uses. Given the variability, EBMUD indicates that supplemental water supply sources are needed to meet future water demand during extended periods of drought.

The Freeport Regional Water Facility is a regional water supply project that provides supplemental water supply to EBMUD during dry years, as part of the Central Valley Project (CVP), a federal water management program. During periods of drought, EBMUD receives CVP water from its Freeport Regional Water Facility to augment its water supply. The U.S. Bureau of Reclamation (USBR) provides supplemental water supply during dry and multiple dry years to ensure the reliability of EBMUD’s water supply. In conjunction with the request to annex the property, EBMUD must seek approval from the USBR

for inclusion. Furthermore, the District may be required to obtain approval to update the District’s Place-in-Use with the California Water Resources Control Board.

Based on the proposed development of 43 single-family residential units, 18 accessory dwelling units, and related amenities and improvements in the subject area, the estimated demand for service is approximately 43 acre-feet of water per year. This water demand was accounted for in EBMUD’s demand forecast, as projected in the District’s 2015 Urban Water Management Plan (UWMP). Also, water conservation measures are included with the Chang project. The project will include a network of water mains, fire hydrants, and water laterals to serve the proposed development. The project will be served by a looped water distribution system consisting of pressurized mains and laterals, and will connect to the EBMUD system at the new Faria Pressure Zone. The water distribution system is under construction and timing of water service is contingent upon the completion of the Faria development and water distribution pipelines in Faria Parkway by the developer (Lennar), in addition to the Faria facilities by EBMUD. The cost for water supply, water main extensions, and system capacity charges (connection fees) will be borne by the project sponsor. Ongoing maintenance will be paid for through water rates collected by EBMUD. As noted in their will serve letter, EBMUD has the capacity to serve the project.

The Plan for Service indicates that for water, wastewater and drainage services the Homeowners Association (HOA) will be responsible for maintenance of on-site infrastructure to the extent the infrastructure is private.

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*** – The 64-acre subject area falls within the City of San Ramon’s SOI and is within the boundaries of the City’s NWSP. This plan sets forth a development program that incorporates a variety of residential neighborhoods with community open spaces and facilities, and provides enhancement of wildlife and riparian habitats. Of the 64 acres, approximately 16 acres (“Neighborhood E”) was identified for future residential develop at a density of 2 dwelling units per acre. This portion of the project site is outside the City limits but within the City’s UGB. Access to the project site is through Bollinger Canyon Road. Development of these three properties was envisioned in the NWSP with the goal of creating a balanced community composed of public facilities, open space, and residential neighborhoods within the area. The surrounding areas to the east and south are developments and served by CCCSD and EBMUD. The subject area will benefit from services provided by CCCSD and EBMUD.
5. ***Nature, location, extent, functions & classes of services to be provided*** – CCCSD provides wastewater collection, treatment, and disposal services for Danville, Lafayette, Moraga, Orinda, Pleasant Hill, and Walnut Creek, as well as to portions of Martinez, San Ramon and unincorporated areas within Central Contra Costa County. The District also provides wastewater treatment for the cities of Concord and Clayton, and is a partner in the Household Hazardous Waste Collection Facility that serves the central portion of the county. CCCSD is expected to provide wastewater collection, treatment, and disposal services to the subject area.

EBMUD provides wholesale water, retail water, wastewater collection and wastewater treatment services for an area of 332± square miles in Contra Costa and Alameda Counties. EBMUD provides potable water to over 1.4 million customers within the two-county service area, and wastewater treatment to over 685,000 residential, business and industrial customers. In Contra Costa County, water service is provided to Crockett, Rodeo, Hercules, Pinole, Richmond, El Sobrante, San Pablo, Orinda, Moraga, Lafayette, Pleasant Hill, Walnut Creek, Alamo, Danville, Diablo, Blackhawk and San Ramon; and wastewater

services are provided to El Cerrito and Kensington. EBMUD is expected to provide water service to the subject area.

Environmental Impact of the Proposal – In 2017, the City of San Ramon, as Lead Agency, prepared and approved an Initial Study/Mitigated Negative Declaration (IS/MND) and Mitigation Monitoring and Reporting Program (MMRP) in conjunction with the Chang Property Project. The City also approved a Vesting Tentative Map for the project. The environmental factors potentially affected by this project include Aesthetics, Biological Resources, Cultural Resources, Hazards/Hazardous Materials, Hydrology/Water Quality, and Noise. The MMRP address these factors and reduces the impacts to less than significant.

ALTERNATIVES FOR COMMISSION ACTION

After consideration of this report and any testimony or additional materials that are submitted, the Commission should consider taking one of the following actions:

- Option 1** Adopt the attached resolution (Exhibit B) approving the proposed expansions to the SOIs of CCCSD and EBMUD adding 63.5± acres to the SOIs as depicted on the attached map (Exhibit A).
- A. Determine that the City of San Ramon, as Lead Agency, prepared and certified an Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program in conjunction with the Chang Property Project.
 - B. Adopt this report and amend the SOIs of CCCSD and EBMUD as described herein and shown on the attached map.
- Option 2** Adopt this report and DENY the proposal.
- Option 3** If the Commission needs more information, CONTINUE this matter to a future meeting.

RECOMMENDATION Option 1 – approve the SOI amendments as proposed.

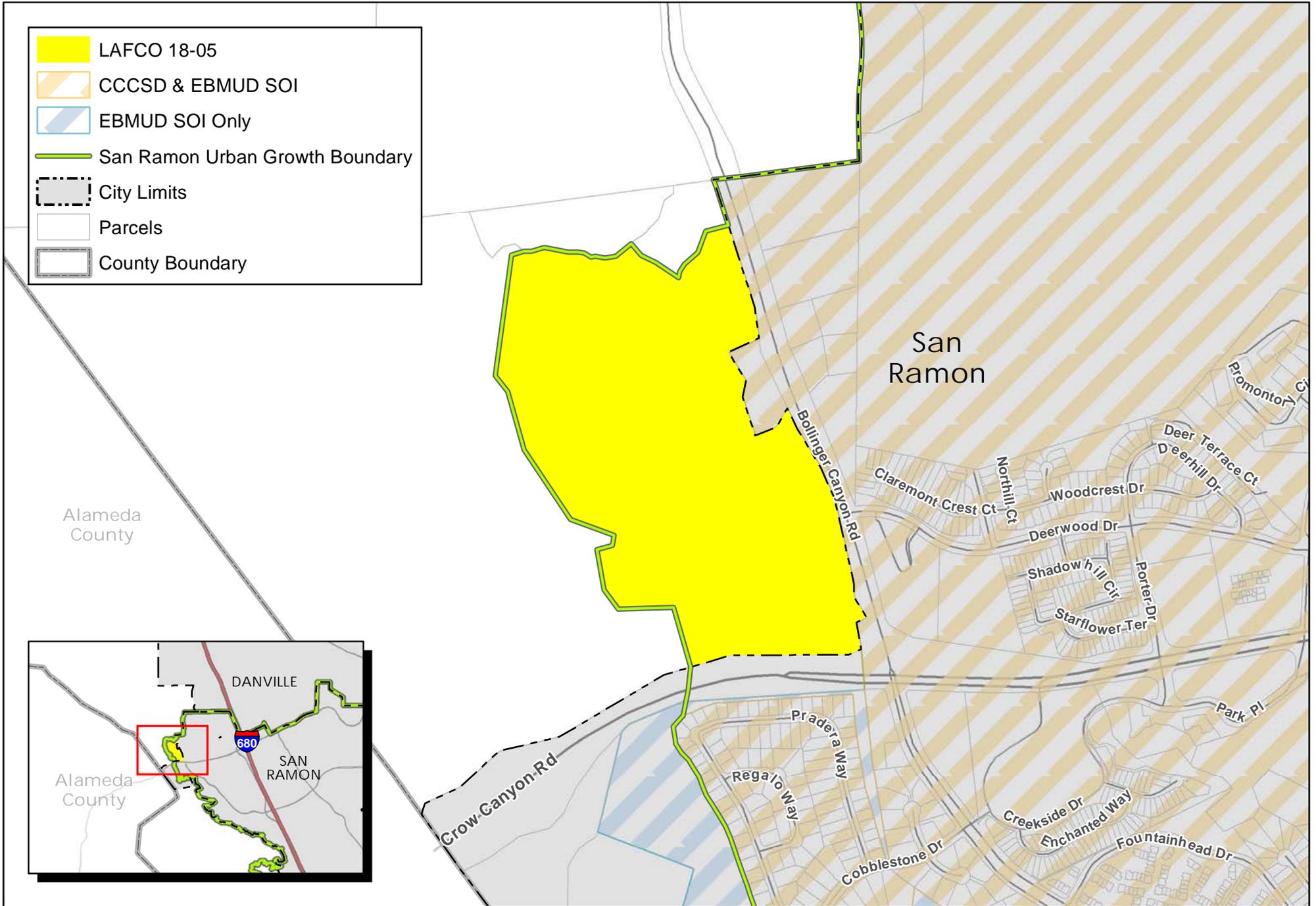
LOU ANN TEXEIRA, EXECUTIVE OFFICER
CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

Exhibits

- A - Map – Proposed CCCSD and EBMUD SOI Amendments
- B - Draft LAFCO Resolution – CCCSD and EBMUD SOI Amendments

- c:
- Vicky Chang, Landowner
 - Cindy Yee, City of San Ramon
 - Russell Leavitt, CCCSD
 - Andrew Lee, EBMUD
 - David Bowlby, The Bowlby Group, Inc.
 - Nadia Costa, Miller Starr Regalia

LAFCO 18-05 Chang Property SOI Amendment (CCCSD, EBMUD)



SPHERE OF INFLUENCE RESOLUTION NO. 18-05RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND EXPANDING THE SPHERES OF INFLUENCE
OF CENTRAL CONTRA COSTA SANITARY DISTRICT AND
EAST BAY MUNICIPAL UTILITY DISTRICT (CHANG PROPERTY)

WHEREAS, a proposal to expand the spheres of influence (SOI) of Central Contra Costa Sanitary District (CCCSD) and East Bay Municipal Utility District (EBMUD) was filed with the Contra Costa Local Agency Formation Commission (LAFCO) pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56425); and

WHEREAS, at the time and in the manner required by law the Executive Officer has given notice of the Commission's consideration of the proposal; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony related to the proposal including, but not limited to, the Executive Officer's report and recommendation, the environmental document or determination, SOIs and applicable General and Specific Plans and all testimony, correspondence and exhibits received during the public hearing, all of which are included herein by reference;

NOW, THEREFORE, the Contra Costa LAFCO DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. The matter before the Commission is the proposed expansion of the SOIs of the Central Contra Costa Sanitary District (CCCSD) and East Bay Municipal Utility District (EBMUD) to include 63.5± acres located at the intersection of Bollinger Canyon Road and Crow Canyon Road in unincorporated San Ramon. The landowner has also submitted a corresponding application to annex the area to the City of San Ramon, CCCSD and EBMUD.
2. LAFCO is a Responsible Agency under the California Environmental Quality Act (CEQA). The City of San Ramon, as Lead Agency, prepared and certified the *Chang Property Development Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program*. In accordance with CEQA, the Commission certifies it has reviewed and considered the information contained in the City's CEQA documents; and finds that there are no direct or indirect environmental effects that would result from LAFCO's approval of the SOI amendments; and therefore, no additional mitigation measures are required beyond those already included in the CEQA document certified by the City of San Ramon.
3. The SOIs of CCCSD and EBMUD are hereby expanded to include the area as shown on the attached map (Exhibit A).
4. The Commission has considered the criteria set forth in Government Code §56425 and determines as follows:

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

Approximately 63.5± acres are added to the SOIs of CCCSD and EBMUD (APNs 208-240-038/039/009). The subject area is located at the intersection of Bollinger Canyon Road and Crown Canyon Road in the unincorporated San Ramon Area. The subject area includes a portion of the Chang property and the Mast and Panetta parcels. The project site is actively grazed. The Chang property consists of open space utilized for agriculture and rangeland. The Mast property is developed with one single family residence and related structures; and the Panetta property contains structures consistent with the current agricultural uses on the property.

The proposed development for the Chang property includes 43 single-family large lot homes, 18 accessory dwelling units, a tot lot, neighborhood park, and trail connections, along with landscaping, utilities and street improvements. No development is proposed for the Mast and Panetta parcels. Surrounding land uses include open space and agricultural uses to the north and west, multi- and single-family residential to the east, and single-family to the south.

The County's General Plan and Zoning designations for the subject property are Agricultural Lands, and A-2 (General Agricultural) and A-4 (Agricultural Preserve), respectively. The City's land use designations include Hillside/Residential/ Parks/Open Space (Chang) and Open Space/Parks (Mast and Panetta). The proposed SOI amendment and pending annexation of the property will have no change in land use designations.

The present and probable need for public facilities and services in the area.

With the proposed residential development on the Chang property, there will be the need for public facilities and services in the area, including water, wastewater, and other municipal services. Services necessary to serve the project are described in the City of San Ramon's CEQA documents and Plan for Service.

Preliminary estimates indicate that the water demand for the project will be approximately 43 acre-feet of water per year. The estimated demand for sewer service is approximately 9,810 gallons of wastewater per day (Chang and Mast properties).

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

EBMUD provides potable water services and limited wastewater collection and treatment services in portions of the District's service area. The EBMUD service area is approximately 332 square miles (Contra Costa and Alameda counties). EBMUD provides potable water to approximately 1.4 million people within the two-county service area. Within Contra Costa County, EBMUD provides water service to a 146± square mile service area, serving an estimated 477,212 residents. EBMUD's water supply is distributed through a collection system consisting of aqueducts, reservoirs, and other components. The primary source of water supply for EBMUD is the Mokelumne River; this watershed accounts for 90% of EBMUD's water supply. EBMUD's existing water rights allow the delivery of up to 325 mgd or approximately 364,046 acre-feet per year of water from the Mokelumne River. EBMUD's water rights are subject to variability, particularly during dry and multiple dry years. The availability of the Mokelumne River runoff is subject to senior water rights of other users, downstream fishery flow requirements, and other Mokelumne River water uses. Given the variability, EBMUD indicates that supplemental water supply sources are needed to meet future water demand during extended periods of drought. The Freeport Regional Water Facility is a regional water supply project that provides supplemental water supply to EBMUD during dry years, as part of the Central Valley Project (CVP), a federal water management program. During periods of drought, EBMUD receives CVP water from its Freeport Regional Water Facility to augment its water supply. The U.S. Bureau of Reclamation (USBR) provides supplemental water supply during dry and multiple dry years to ensure the reliability of EBMUD's water supply, subject to approval.

CCCSD currently serves an estimated population of 484,200 residents in a 145 square mile service area. CCCSD's wastewater collection system consists of 1,500 miles of sewer mains with 19 pump stations. The majority of CCCSD's system operates with gravity flow with some pumping stations and force mains. All sewer connections to the subject property will be either gravity flow or individual residential pump systems. Wastewater is conveyed to CCCSD's wastewater treatment plant in Martinez. CCCSD's wastewater treatment plant provides secondary level treatment for an average dry weather flow of approximately 35.6 million gallons per day (mgd) of wastewater. The wastewater treatment plant has a design capacity of 54 mgd.

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 63.5-acre subject area falls within the City of San Ramon’s SOI and is within the boundaries of the City’s NWSP. This plan sets forth a development program that incorporates a variety of residential neighborhoods with community open spaces and facilities, and provides enhancement of wildlife and riparian habitats. Of the 63.5 acres, approximately 16 acres (“Neighborhood E”) was identified for future residential develop at a density of 2 dwelling units per acre. This portion of the project site is outside the City limits but within the City’s UGB. Access to the project site is through Bollinger Canyon Road. Development of these three properties was envisioned in the NWSP with the goal of creating a balanced community composed of public facilities, open space, and residential neighborhoods within the area. The surrounding areas to the east and south are developments and served by CCCSD and EBMUD. The subject area will benefit from services provided by CCCSD and EBMUD.

The nature, location, and extent of any functions or classes of services provided by the existing districts.

EBMUD provides wholesale water, retail water, wastewater collection and wastewater treatment services for an area of 332± square miles in Contra Costa and Alameda Counties. EBMUD provides potable water to over 1.4 million customers within the two-county service area, and wastewater treatment to over 685,000 residential, business and industrial customers. In Contra Costa County, water service is provided to Crockett, Rodeo, Hercules, Pinole, Richmond, El Sobrante, San Pablo, Orinda, Moraga, Lafayette, Pleasant Hill, Walnut Creek, Alamo, Danville, Diablo, Blackhawk and San Ramon; and wastewater services are provided to El Cerrito and Kensington. EBMUD is expected to provide water service to the subject area.

CCCSD provides wastewater collection, treatment, and disposal services for Danville, Lafayette, Moraga, Orinda, Pleasant Hill, and Walnut Creek, as well as to portions of Martinez, San Ramon and unincorporated areas within Central Contra Costa County. The District also provides wastewater treatment for the cities of Concord and Clayton, and is a partner in the Household Hazardous Waste Collection Facility that serves the central portion of the county. CCCSD is expected to provide wastewater collection, treatment, and disposal services to the subject area.

* * * * *

PASSED AND ADOPTED THIS 11th day of July 2018, by the following vote:

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

MICHAEL R. MCGILL, 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: July 11, 2018

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 Tatz in <i>City Member</i>

ALTERNATE MEMBERS

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

July 11, 2018

July 11, 2018
 Agenda Item 9

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

**The 2017-18 Contra Costa County Grand Jury
 Report No. 1802 - "Los Medanos Community Healthcare District"**

Dear Members of the Commission:

On April 23, 2018, Contra Costa LAFCO received the 2017-18 Contra Costa County Grand Jury Report No. 1802 "Los Medanos Community Healthcare District (LMCHD)." (Attachment 1). As noted in the report, the Grand Jury conducted an investigation of LMCHD's efficiencies in providing healthcare and services, and evaluated how the special healthcare needs of its population are being met, especially in terms of preventative healthcare. The major findings contained in the Grand Jury report are summarized below.

- LMCHD does not provide any hospital, physician, or emergency medical services. Instead, LMCHD funds grants to third-party agencies that provide healthcare programs and activities related to health, wellness, and disease prevention.
- LMCHD grant program administrative expenses are high compared to the amount spent on grants. For example, in FY2016-2017, LMCHD spent 40% of its revenue on grants and 36% administering those grants, with the remaining 24% going to reserves. LMCHD's FY2017 -2018 budget allocates 42% for grant programs, and 51% for grant program administration. Earlier years' administrative expenditures were similarly distributed. Typically, comparable local governmental administrative entities devote 10-20% to administrative expenses.

Based on these findings, the Grand Jury recommends that LAFCO consider dissolving LMCHD. The Grand Jury also recommends that the grants for healthcare programs currently funded by LMCHD be maintained by a successor, noting that *these healthcare programs are important to the community, and that any savings from the dissolution could be applied to improvement and expansion of healthcare programs.*

Contra Costa LAFCO is required to respond to Report No. 1802 no later than **July 25, 2018**. The Government Code requires that the responding entity reply to each finding and recommendation

as noted in the report. LAFCO staff has drafted a response (Attachment 2) for the Commission's consideration.

RECOMMENDATION: It is recommended that the Commission approve the attached response to Grand Jury Report No. 1802, with any changes as desired; and direct LAFCO staff to forward the response prior to July 25, 2018.

Sincerely,

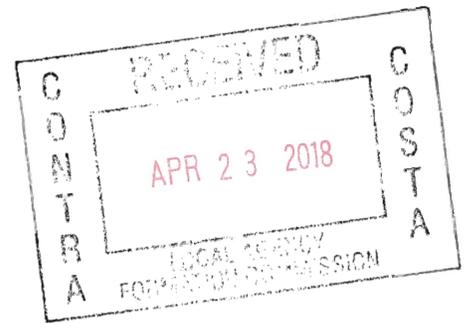
LOU ANN TEXEIRA
EXECUTIVE OFFICER

c: Distribution

Attachments:

1. Grand Jury Report No. 1802 *“Los Medanos Community Healthcare District”*
2. Draft Response to Grand Jury Report No. 1802

April 20, 2018



Lou Ann Texeira
Executive Director
LAFCO (Local Agency Formation Commission)
651 Pine St. 6th Floor
Martinez, CA 94553

Dear Local Agency Formation Commission:

Attached is a copy of Grand Jury Report No. 1802, "Los Medanos Community Healthcare District" by the 2017-2018 Contra Costa Grand Jury.

In accordance with California Penal Code Section 933 et seq., we are submitting this report to you as the officer, agency or department responsible for responding to the report. As the responding person or person responding on behalf of an entity, you shall report one of the following actions in respect to each finding:

- (1) You agree with the finding.
- (2) You disagree with the finding.
- (3) You partially disagree with the finding.

(Pen. Code, § 933.05(a).) In the cases of both (2) and (3) above, you shall specify the portion of the finding that is disputed, and shall include an explanation of the reasons thereof.

In addition, Section 933.05(b) requires you to reply to each recommendation by stating one of the following actions:

1. The recommendation has been implemented, with a summary describing the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
3. The recommendation requires further analysis. This response should explain the scope and parameters of the analysis or study, and a time frame for the matter to be prepared for discussion. This time frame shall not exceed six months from the date of the publication of the Grand Jury Report.
4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation thereof.

After reviewing your response to ensure that it includes the above-noted mandated items, please send (1) a hard copy of the response to the Grand Jury at P.O. Box 431, Martinez, CA 94553; and (2) a copy in Word by e-mail to ctadmin@contracosta.courts.ca.gov. Your response must be submitted to the Grand Jury, in the form described by the above-quoted Government Code, no later than **July 25, 2018**.

Finally, please note that this report is being provided to you at least two working days before it is released publicly. Section 933.05 specifies that no officer, agency, department or governing body of a public agency shall disclose any contents of the report prior to its public release.

Please immediately confirm receipt of this letter and the attached report by responding via e-mail to ctadmin@contracosta.courts.ca.gov.

Sincerely,

Mario Gutierrez, Foreperson
2017-2018 Contra Costa County Civil Grand Jury

**A REPORT BY
THE 2017-2018 CONTRA COSTA COUNTY GRAND JURY
725 Court Street
Martinez, California 94553**

Report 1802

**Los Medanos Community
Healthcare District**

APPROVED BY THE GRAND JURY

Date April 10, 2018


MARIO GUTIERREZ
GRAND JURY FOREPERSON

ACCEPTED FOR FILING

Date 4/19/2018


ANITA SANTOS
JUDGE OF THE SUPERIOR COURT

**A REPORT BY
THE 2017-2018 CONTRA COSTA COUNTY GRAND JURY
725 Court Street
Martinez, California 94553**

Report 1802

**Los Medanos Community
Healthcare District**

APPROVED BY THE GRAND JURY

Date _____

MARIO GUTIERREZ
GRAND JURY FOREPERSON

ACCEPTED FOR FILING

Date _____

ANITA SANTOS
JUDGE OF THE SUPERIOR COURT

Contra Costa County Grand Jury Report 1802

Los Medanos Community Healthcare District

**TO: Contra Costa County Board of Supervisors, Los Medanos
Community Healthcare District, Local Agency Formation
Commission**

SUMMARY

The Los Medanos Community Healthcare District (LMCHD) is a community-based healthcare district that serves Pittsburg, Bay Point, and portions of Clayton, Clyde, and Antioch. The combined population served is approximately 96,760.¹

The Contra Costa County Civil Grand Jury (Grand Jury) conducted an investigation of LMCHD's efficiencies providing healthcare services, and evaluated how the special healthcare needs of its population are being met, especially in terms of preventative healthcare.

The Grand Jury found that LMCHD does not provide any hospital, physician, or emergency medical services. Instead, LMCHD funds grants to third-party agencies that provide healthcare programs and activities related to health, wellness, and disease prevention. The Grand Jury also found LMCHD grant program administrative expenses are high compared to the amount spent on grants. For example, in FY2016-2017, LMCHD spent 40% of its revenue on grants and 36% administering those grants, with the remaining 24% going to reserves. LMCHD's FY2017-2018 budget allocates 42% for grant programs, and 51% for grant program administration. Earlier years' administrative expenditures were similarly distributed. Typically, comparable local governmental administrative entities devote 10-20% to administrative expenses. Previous Grand Jury reports reached similar conclusions.

Based on these findings, the Grand Jury recommends that the Local Agency Formation Commission (LAFCO) consider dissolving LMCHD. The Grand Jury also recommends that the grants for healthcare programs currently funded by LMCHD be maintained by a

successor. These healthcare programs are important to the community. Any savings from the dissolution could be applied to improvement and expansion of healthcare programs.

METHODOLOGY

In the course of its investigation, the Grand Jury:

- Researched the history, programs, and current financial status of the LMCHD
- Interviewed public officials, County employees, and members of the LMCHD Board and the County Board of Supervisors
- Attended an LMCHD Board Meeting and reviewed meeting minutes
- Attended 2017 Local Agency Formation Commission (LAFCO) Healthcare Services Municipal Service Review (MSR) meetings
- Reviewed County records, budget reports, LMCHD's Strategic Plan, and LAFCO's Municipal Service Review documents

BACKGROUND

Previous Grand Jury reports examined LMCHD's administrative expenses. The current Grand Jury investigated LMCHD fiscal performance and healthcare needs of the district in terms of preventative healthcare.

Preventative Healthcare

Healthcare continues to be a significant national and local concern. Research from the Centers for Disease Control and Prevention (CDC) shows that "70 percent of chronic illnesses are preventable, and health costs savings associated with keeping people healthy and out of hospitals substantial." The delivery of healthcare has shifted from hospital-based services to preventative healthcare, which consists of measures taken for disease prevention rather than disease treatment.²

Preventative healthcare is important given the increase in chronic diseases and resulting deaths. One key method for preventing disease is regular check-ups for adults and children. Physicians may consider using these visits to conduct disease screenings, provide tips for healthy and balanced lifestyles, and administer immunizations and boosters. Some common disease screenings include checking for hypertension (high blood pressure), hyperglycemia (high blood sugar, a risk factor for diabetes), hypercholesterolemia (high blood cholesterol), colorectal cancer, and depression. Additionally, screenings specifically for women include mammography (for breast cancer) and Pap smear tests (for cervical cancer).

A presentation to the Board of Supervisors on January 31, 2017, by the County Administrator, identified reduction of hospital dependency as a budget challenge. According to the CDC, a preventative healthcare program reduces hospital dependency by producing a healthier population.

Los Medanos Community Healthcare District

LMCHD was formed in 1948 to operate a hospital within its boundaries. In rural communities, such districts were created to provide for hospitals that otherwise would not exist. LMCHD operated the Los Medanos Community Hospital until 1994 when the hospital closed due to bankruptcy. Since then, LMCHD has not provided any hospital, physician, or emergency medical services. Instead of providing direct services, LMCHD funds third-party agencies that provide health-related programs.

LMCHD derives most of its revenue from property taxes. They lease its decommissioned hospital building to the County, which operates it as the Pittsburg Health Center. The Health Center is the largest clinic in the Contra Costa County Health System, with over 100,000 patient visits per year.

LMCHD is governed by a Board of Directors. The directors are elected at-large by the residents of the District and serve four-year terms.

The FY2017-2018 budget shows a general fund revenue of \$1.0 million. Of that amount, \$0.5 million is allocated to administrative overhead, \$0.4 million to community health programs, and \$0.1 million to reserves.

Local Agency Formation Commissions (LAFCOs)

Local Agency Formation Commissions (LAFCOs) are regional agencies that oversee the creation, expansion, governance, and dissolution of local government bodies. State law requires LAFCOs to prepare a Municipal Service Review (MSR) for each District every five years. These reviews provide information to guide districts in performance improvement and boundary changes and can serve as a catalyst for LAFCO to initiate consolidations or dissolutions.

DISCUSSION

Cancer, heart disease, stroke, and diabetes are the leading causes of preventable morbidity (disease) and premature mortality (death) in Contra Costa County. They are major drivers of health inequities in our communities. Contra Costa Health Services defines health inequities as “unnecessary, avoidable, unfair and unjust differences in health status due to unequal distribution of social, physical, economic and political resources that put some groups at a disadvantage for good health outcomes and limits their ability to lead healthy lives.”³ Major risk factors for chronic diseases include

obesity, poor nutrition, lack of physical activity, tobacco use, and drug and alcohol consumption.⁴

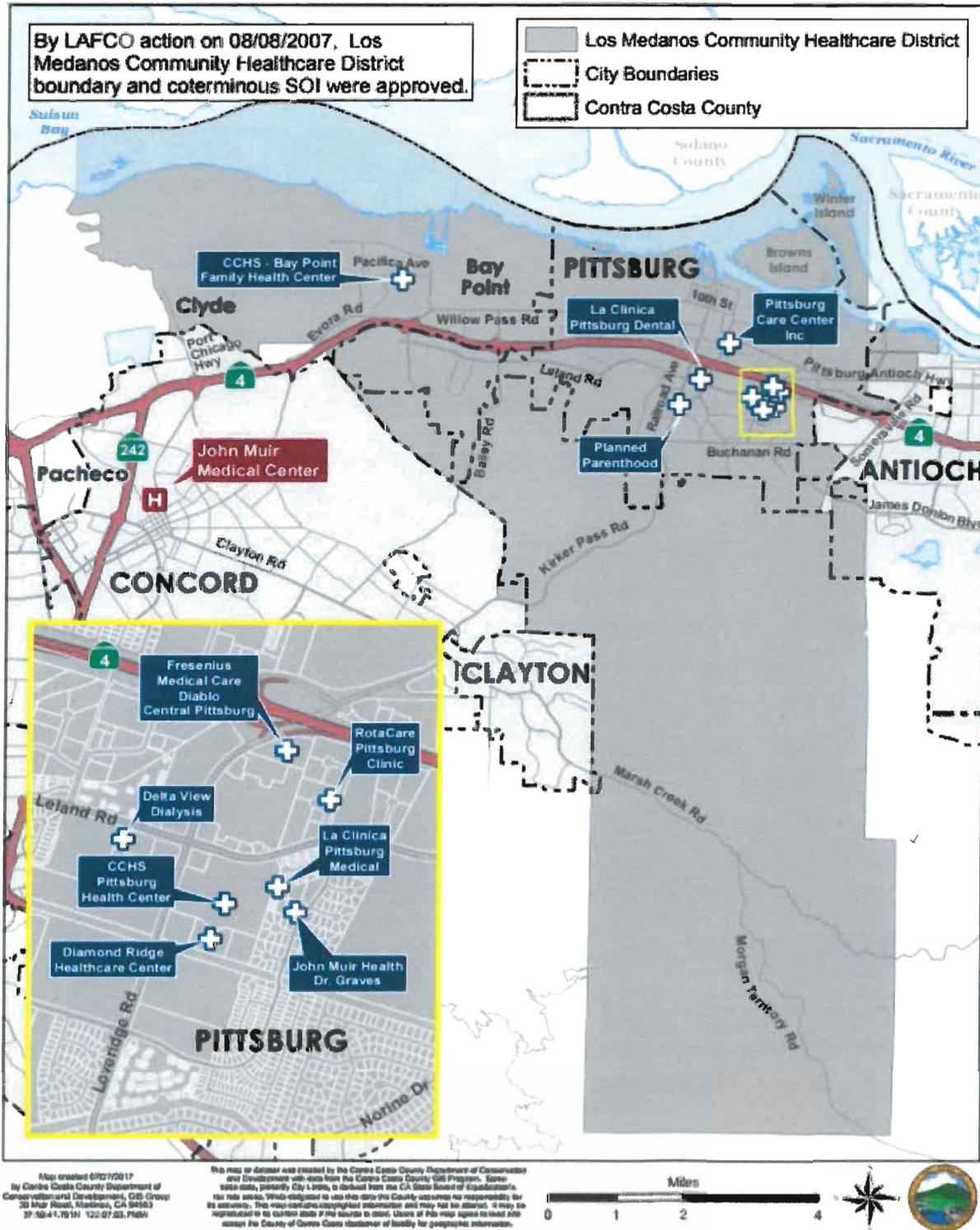
Growth and population projections

Chronic diseases are linked to income, education, and ethnicity and are thus more prevalent in areas of poverty, low educational attainment, and communities of color. The population within the current LMCHD boundaries is especially affected by these socioeconomic conditions and is growing faster than the county at large.⁵ Because of the rapid growth of these populations, preventative healthcare programs are important to improve health in the community and to contain costs.

The Association of Bay Area Governments (ABAG) projects continued growth in LMCHD, estimated at 36% from 2015 through 2040. This compares to 23% growth overall in the County. Population growth and demographic changes will drive future health care needs.⁶

The map below indicates the location of medical facilities within and near LMCHD. While there are no acute care hospitals within the district, several major acute care facilities do exist in adjacent communities. Other medical facilities operate within and around the district to address preventative healthcare needs.

LMCHD Sphere of Influence (SOI)



Characteristics of disadvantaged communities within LMCHD

The unincorporated communities of Clyde and Bay Point, and much of the City of Pittsburg qualify as disadvantaged communities. The California Public Utilities Commission defines “disadvantaged communities” as the areas throughout California which most suffer from a combination of economic, health, and environmental burdens. These burdens include poverty, high unemployment, health conditions like asthma and heart disease, as well as air and water pollution, and hazardous wastes.⁷

Adequacy of Public Services

A presentation to the Board of Supervisors on January 31, 2017, by the County Administrator, identified reduction of hospital dependency as a budget challenge. Some senior officials indicated that a significant number of people obtain treatment for chronic conditions from hospital emergency departments because they lack access to primary care.

LMCHD residents need better access to both primary and urgent care. General medical services are currently provided in the district primarily through the Pittsburg Health Center, which is operated by Contra Costa County, and through clinics in Pittsburg, Antioch, and Bay Point. The Grand Jury found that opportunities exist to expand urgent care services in the Pittsburg Health Center, as well as increase awareness of underutilized health resources. This would improve health outcomes and decrease health disparities.

Accountability

LMCHD adopted a Strategic Plan in 2010 for the years 2011-2016 and updated it to include 2017-2022. The 2010 Strategic Plan relied heavily on the 2010 Community Health Indicators for Contra Costa County, prepared by the Community Health Assessment, Planning and Evaluation Unit (CHAPE). This CHAPE document is intended to help county agencies identify and address health disparities in Contra Costa County. Today, LMCHD uses data from the following resources to determine priority health needs: U.S. Census Bureau (2016), CDC, Contra Costa Health Services reports, and other sources.

Service Delivery and Transparency

The Little Hoover Commission,⁸ in its August 2017 report *Special Districts: Improving Oversight and Transparency*, made several recommendations relevant to LMCHD. Recommendations include: LAFCOs consider district dissolutions to eliminate redundancies and improve efficiency; steps that healthcare districts can take to improve operational transparency—such as requiring every district to have a website with basic information; and to standardize current reporting requirements on revenues, expenditures and reserves.⁹

Although the grant programs funded through LMCHD may be of significant benefit to the community, the LMCHD website lacks data demonstrating such a benefit. It does not provide metrics addressing the public health needs of the community. In addition, it provides no data indicating targeted populations nor any measurement of outcomes.

The Grand Jury found no evidence that LMCHD collaborated with the County, non-profit hospitals, or other local entities to avoid duplication of services. Several organizations received grants from both the County and LMCHD. This duplication of services occurred because the County grant administrator, Keller Canyon Mitigation Fund, supports some of the same programs funded through LMCHD. If the County were to assume administration of LMCHD grant programs, there would be no duplication of administrative expenses because the County grant process is already in place.

LMCHD did not utilize health needs assessments to determine the community's health needs before funding programs. 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."¹⁰

For comparison, in 2016 the Kaiser Foundation Hospital-Antioch conducted a Community Health Needs Assessment (CHNA) of its service area, which includes the LMCHD geography. Based on the CHNA, Kaiser determined that the top healthcare priorities in the area were: 1) Economic Security, and 2) Obesity, Diabetes, Healthy Eating, and Active Living.¹¹ Kaiser's CHNA cited the names of grantees, the grant amounts they received, the nature of their project, and their progress to date. Kaiser had implemented the grants, tracked the grantees' progress, and documented their results. The outcomes of the programs were clearly displayed on Kaiser's website. Kaiser's CHNA is an example of what other healthcare providers use to manage grant distribution based on community health needs.

The grant program is important as the non-profit entities delivering the services can best focus on particular needs of affected communities, where the services are most needed. This safety net ensures that grant program funds are allocated and used effectively for the most disadvantaged communities.

Finances

LMCHD receives nearly all its annual revenue from property taxes. It uses this revenue to pay for program and wellness grants, as well as administrative expenses. It also funds an ongoing reserve/surplus. The tables below provide a breakdown of these revenue/expense items for fiscal years 2013 through 2018.

Table 1

**LMCHD Governmental Fund Revenue and Expenditure year ended June
(\$ in Thousands)**

	2013	2014	2015	2016	2017	2018
Revenue	683	786	865	960	1,106	992
Grants/Program Outreach	(345)	(380)	(303)	(329)	(438)	(412)
Administration	(438)	(358)	(423)	(362)	(396)	(510)
Surplus/Deficit	(100)	48	139	269	272	70

Source: 2018 Adopted Budget, 2017 unaudited financial statements, 2013-2016 audited financial statements

Table 2

**LMCHD Governmental Fund Revenue and Expenditure year ended June
Expense as a % of Revenue**

	2013	2014	2015	2016	2017	2018
Grants/Program Outreach	51%	48%	35%	34%	40%	42%
Administration	64%	46%	49%	38%	36%	51%

Source: 2018 Adopted Budget, 2017 unaudited financial statements, 2013-2016 audited financial statements

LMCHD's FY2017-2018 Budget allocated \$411,875 (or 42%) of the total General Fund to be spent on community health programs. The LMCHD's largest expenditure category is general administration at \$509,698 (or 51%) of total revenues.

According to the 2017 fiscal year unaudited financial statements, the District spent 36% of its revenue on administrative expenses and 40% on grants and programs. The remaining revenue was held as cash. As of June 30, 2017, the District had a cash balance of \$1.8 million. Of the \$1.8 million cash on hand, \$0.9 million was held in a bank account that earned no interest, and \$0.9 million at LAIF (Local Agency Investment Fund) in an interest-earning account. (See Table 3)

Table 3

LMCHD Governmental Fund Cash Balance as of year ended June (\$ in Thousands)

	2013	2014	2015	2016	2017
Cash on hand	296	349	422	697	889
Investment in LAIF	849	828	880	886	943
Total	1,145	1,176	1,302	1,584	1,832

Source: 2017 Unaudited financial statements, 2013-2016 audited financial statements

Operational Efficiency

LMCHD's administrative expenses range from 36% to 64% of General Fund revenues from FY2013-2018, depending on whether grant administration and program development are included in overhead. Other comparable Federal Grant programs run at 10% administrative costs. Contra Costa County budget runs at 15% administrative costs, and Concord/Pleasant Hill Healthcare District runs at 20%.¹² Because LMCHD is a free-standing entity, it incurs higher overhead costs than Concord/Pleasant Hill Healthcare District, a subsidiary district of the City of Concord.

During FY2015-2016, LMCHD funded twelve Community Health Programs in the amount of \$268,569, or approximately 25% of LMCHD revenue (see table 4). LMCHD's largest expenditure category was for administrative expense at \$362,307 or 38% of total revenues.

Table 4

Summary of LMCHD FY2015-2016 Grants

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

Conclusions

To shift the current healthcare landscape in the community and offer more preventative healthcare services, dissolution of the LMCHD is recommended. Any cost savings can be directed toward enhancing current healthcare preventive services provided by the grantees, and exploring new programs and possible creation of an urgent care facility.

The community agrees and the Grand Jury's research validates the need for improvement of health services and urgent care in the area. The County health system may be in the best position to offer those services at a lower cost.

FINDINGS

- F1. LMCHD website lacked data addressing the public health needs of the community or measurable outcomes of the grant programs targeting the population served.
- F2. LMCHD used obsolete data rather than the current health needs assessments to prioritize grants.
- F3. The Grand Jury found no evidence LMCHD collaborated with the County, non-profit hospitals, or other local districts to avoid duplication of services.
- F4. LMCHD's level of administrative costs is high compared to other government agencies that fund grants.
- F5. As the County already has a grant administration program in place, and has some of the same grantees as the District, there is potential for administrative cost savings through elimination of redundancies.
- F6. LMCHD did not maximize cash assets as large balances were left in non-interest bearing account.

RECOMMENDATIONS

- R1. LAFCO should consider dissolving the LMCHD by December 2018 and assigning all the assets, rights, and responsibilities to the County as the successor to LMCHD.
- R2. The Board of Supervisors should consider maintaining grant funding levels for healthcare programs upon dissolution of LMCHD.
- R3. The Board of Supervisors should consider using any savings from LMCHD dissolution to improve and expand healthcare programs once appointed as the successor to LMCHD.

REQUIRED RESPONSES

	Findings	Recommendations
Contra Costa County Board of Supervisors	F5	R2, and R3
Los Medanos Community Healthcare District	F1, F2, F3, F4, and F6	
Local Agency Formation Commission	F1, F2, F3, F4, and F5,	R1

These responses must be provided in the format and by the date set forth in the cover letter that accompanies this report. An electronic copy of these responses in the form of a Word document should be sent by e-mail to ctadmin@contracosta.courts.ca.gov and a hard (paper) copy should be sent to:

Civil Grand Jury – Foreperson
725 Court Street
P.O. Box 431
Martinez, CA 94553-0091

Appendix

¹ Berkson Associates, *Healthcare Services Municipal Service Review & Sphere of Influence Updates: Public Review Draft* (Martinez, CA: Contra Costa LAFCO, December 2, 2017): 39, http://www.contracostalafco.org/municipal_service_reviews/healthcare-services/Public%20Review%20Draft%2012-5-17.pdf.

² Little Hoover Commission, *Special Districts: Improving Oversight and Transparency*. Report #239 (August, 2017): 46, <http://www.lhc.ca.gov/sites/lhc.ca.gov/files/Reports/239/Report239.pdf>.

³ Contra Costa Health Services, *Community Health Indicators for Contra Costa County* (Martinez, CA: Contra Costa Health Services, December, 2010), accessed April 2, 2018, http://cchealth.org/health-data/hospital-council/2010/pdf/2010_community_health_indicators_report_complete.pdf.

⁴ Contra Costa Health Services, *Health Indicators and Environmental Factors Related to Obesity for Antioch, Bay Point, and Pittsburg* (Martinez, CA: Contra Costa Health Services, May, 2013): I, accessed April 2, 2018, <http://cchealth.org/prevention/pdf/Health-Indicators-and-Environmental-Factors-Related-to-Obesity-2013.pdf>.

⁵ Contra Costa Health Services, *Health Indicators and Environmental Factors*, III.

⁶ Berkson Associates, *Healthcare Services Municipal Service Review*, 40.

⁷ “Disadvantaged Communities”, California Public Utilities Commission, accessed April 2, 2018, <http://www.cpuc.ca.gov/discom/>.

⁸ Little Hoover Commission, *Special Districts*.

⁹ Berkson Associates, *Healthcare Services Municipal Service Review*, 4.

¹⁰ Berkson Associates, *Healthcare Services Municipal Service Review*, 10, 14.

¹¹ Berkson Associates, *Healthcare Services Municipal Service Review*, 40.

¹² Berkson Associates, *Healthcare Services Municipal Service Review*, 55.



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>
Tom Butt <i>City Member</i>
Stanley Caldwell <i>Special District Member</i>
Charles R. Lewis, IV <i>Public Member</i>

July 11, 2018

Mario Gutierrez, Foreperson
2017-18 Contra Costa County Civil Grand Jury
725 Court Street
P.O. Box 431
Martinez, CA 94553-0091

Dear Mr. Gutierrez:

On April 23, 2017, the Contra Costa Local Agency Formation Commission (LAFCO) received Grand Jury Report No. 1802, entitled “*Los Medanos Community Healthcare District.*”

On July 11th, the Commission reviewed the draft response to the Grand Jury, provided input and directed LAFCO staff to submit a response prior to the July 25th deadline. We hereby submit some introductory comments, along with responses to the relevant findings and recommendations contained in Grand Jury Report No. 1802.

INTRODUCTION: In January 2018, Contra Costa LAFCO completed a Municipal Services Review (MSR) and corresponding Sphere of Influence (SOI) updates covering healthcare services in Contra Costa County, as required by statute.

The LAFCO MSR process involved release of a Public Review Draft MSR (December 2017) and a Final Draft MSR (January 2018). The Public Review Draft identified a number of issues relating to the Los Medanos Community Healthcare District (LMCHD), including high overhead costs, needed improvements in the grant program (e.g., use of health needs assessment to target health needs, reporting) and needed updates to the District’s 2011 strategic plan.

In January 2018, LAFCO released the Final Draft MSR. As noted in the MSR report, LMCHD responded to issues identified in the Public Review Draft MSR. Regarding overhead, the District agreed to review and reduce overhead costs, and has done so as reflected in its FY 2018-19 budget. LMCHD also identified an accounting error, whereby some of the District’s program costs were incorrectly reflected in administration. Regarding the granting program and strategic plan, the 2017 Strategic Plan provides updates including references to recent community health needs assessments and performance measure tools to improve the grants process.

The responses that follow provide additional information and excerpts from the MSR report.

FINDINGS

F1. LMCHD website lacked data addressing the public health needs of the community or measurable outcomes of the grant programs targeting the population served.

Response: *The respondent partially disagrees with the finding.*

The LMCHD website includes the District's 2017 Health Profile, 2017-2022 Strategic Plan and Strategic Goals that address community needs and utilize data contained in various health needs assessments, most of which are recent. The District's Strategic Plan identifies health disparities within the District. The Strategic Plan also contains an "LMCHD Health Profile (2017)" and performance measurement tools. The District's 2017 Health Profile references recent Community Health Needs Assessments (CHNAs).

As noted in the 2017-18 LAFCO MSR, the District provides grant applicants with guidelines for preparation of their submittal, review and follow-up. The guidelines describe the District's goals and require the applicant to specify the health needs that the grant-funded program will address. The District requires grantees to document populations served by its grants, which are then reported by the District.

The MSR notes that LMCHD reporting of persons served did not appear to clearly distinguish total persons served by a program vs. the portion or share reasonably attributable to LMCHD grant funding. Further refinement of the District's reporting is needed to address this issue.

F2. LMCHD used obsolete data rather than the current health needs assessments to prioritize grants.

Response: *The respondent partially disagrees with the finding.*

In developing its 2017 Strategic Plan and the "LMCHD Health Profile", the District relied on various data sources including several CHNAs such as those prepared by Sutter Delta Medical Center (2016), Kaiser Foundation Hospital Antioch (2016), Contra Costa Behavioral Health (2016), and Contra Costa Health Services (2010), along with data from the American Community Survey, U.S. Census Bureau and various other sources.

The LMCHD Strategic Plan was developed to address health needs within the District and to reduce existing health disparities. The District's Strategic Plan contains an "LMCHD Health Profile" which identifies, and is intended to raise awareness of, health disparities in the community. This information is used by the District to prioritize and award grants.

The 2017-18 LAFCO MSR identified areas where the District could improve its use of available data, create more consistent and meaningful measures of outcomes, and improve the accessibility of information on its website.

F3. The Grand Jury found no evidence LMCHD collaborated with the County, nonprofit hospitals, or other local districts to avoid duplication of services.

Response: *The respondent partially disagrees with the finding.*

As noted in the LAFCO MSR, LMCHD participated in the Healthy and Livable Pittsburg Collaborative which also includes the County, City of Pittsburg and other entities. In 2013, the County Health Services Department produced a report describing health issues related to obesity in the Antioch, Bay Point and Pittsburg areas. 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.”

F4. LMCHD's level of administrative costs is high compared to other government agencies that fund grants.

Response: *The respondent partially disagrees with the finding.*

As presented in its FY 2018-19 budget, the District's administrative costs have been reduced to 25%, which is significantly lower than prior year costs, and is now in line with other healthcare districts (HCDs). The 2017-18 LAFCO MSR noted that there is no absolute standard for establishing overhead factors due to differences among agencies' budgets and operations. The MSR included the following comparisons: Concord Pleasant Hill HCD administrative costs were at 20%, Peninsula HCD's overhead was approximately 23% of its expenditures for healthcare programs and grants, and Eden Township HCD budgeted approximately 15% of its community services budget for administrative and overhead costs.

The LAFCO MSR previously reported that LMCHD's overhead and administrative expenses were approximately one-third of General Fund revenues in FY 2015-16, indicating a less efficient use of available funds as compared to Concord Pleasant Hill HCD's overhead. LMCHD's FY 2017-18 budget showed 51% of total General Fund revenues allocated to administrative costs; however, the budget did not distinguish personnel costs attributable to Community Health Program administration, as is the case with FY 2015-16 audited reports. If a share of personnel cost is shifted from district “administration” to “programs,” the administrative cost factor would be reduced to 43%.

As noted in the LAFCO MSR, the District's administrative costs were high. The District has made an effort to reduce its administrative costs, which are now comparable to other HCDs.

F5. As the County already has a grant administration program in place, and has some of the same grantees as the District, there is potential for administrative cost savings through elimination of redundancies.

Response: *Agree*

One of the factors LAFCO considers in its review of local agencies is “opportunities for shared facilities.” LAFCO encourages agency collaboration and sharing of facilities and resources.

RECOMMENDATIONS

R1. LAFCO should consider dissolving the LMCHD by December 2018 and assigning all the assets, rights, and responsibilities to the County as the successor to LMCHD.

Response: *The recommendation requires further analysis.*

In November 2017, the County submitted an application to LAFCO to dissolve the LMCHD. Presently, the application is incomplete. The County Board of Supervisors is expected to take action in July to complete the application. Once LAFCO has a complete application, the matter will be scheduled for a public hearing before the Commission, at which time the Commission will review the County’s proposal, conduct a public hearing and render a decision on the proposed dissolution.

Should you have questions or need additional information, please contact us.

Sincerely,

Michael R. McGill
Chair, Contra Costa LAFCO



Lou Ann Texeira
Executive Officer

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July 11, 2018

July 11, 2018
Agenda Item 10

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

**The 2017-18 Contra Costa County Grand Jury
Report No. 1808 - “Joint Powers Authorities”**

Dear Members of the Commission:

On June 7, 2018, Contra Costa LAFCO received the 2017-18 Contra Costa County Grand Jury Report No. 1808 “*Joint Powers Authorities (JPAs)*.” (Attachment 1). As noted in the report, the Grand Jury investigated JPAs’ use by cities, the focus of which was financial type JPAs, and specifically, on their oversight, transparency and financial accountability.

The Grand Jury collected a total of 157 JPAs, but could not confirm whether or not this was the total number. As noted in the report, because multiple cities participate in the same JPAs, the number of individual JPAs is 66. As an aside, in 2017 and in accordance with SB 1266, Contra Costa LAFCO collected JPAs from the County, cities and special districts formed for the purposes of providing a municipal service. LAFCO received a total of 36 JPAs.

Included among the Grand Jury’s findings are the following:

- ✚ 19 cities and the County have issued bonds with an estimated total cumulative value that exceeds \$1.5 billion
- ✚ 23 of the JPAs are related to Redevelopment Agency successor agencies
- ✚ Based on their characteristics, the Grand Jury divides JPAs into two distinct organizational models: “direct” and “circular”
- ✚ Due to State reporting requirements, the Grand Jury found the tracking of JPAs results in loss of transparency and accountability
- ✚ No State or County agency directly oversees the use and operation of JPAs in Contra Costa County
- ✚ The latitude allowed by State law creates the potential for JPAs to acquire debt that exceeds the ceiling imposed on government entities and for cities to take on debt that is not independently monitored

Based on these findings, the Grand Jury puts forward a number of recommendations relating to local agency compliance, transparency, and outreach.

Contra Costa LAFCO is required to respond to Report No. 1808 no later than **September 11, 2018**. The Government Code requires that the responding entity reply to each finding and recommendation as noted in the report. LAFCO staff has drafted a response (Attachment 2) for the Commission's consideration.

RECOMMENDATION: It is recommended that the Commission approve the attached response to Grand Jury Report No. 1808, with any changes as desired; and direct LAFCO staff to forward the response prior to September 11, 2018.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

c: Distribution

Attachments:

1. Grand Jury Report No. 1808 ***“Joint Powers Authorities”***
2. Draft Response to Grand Jury Report No. 1808

June 6, 2018

Lou Ann Texeira
Executive Director
LAFCO (Local Agency Formation Commission)
651 Pine St. 6th Floor
Martinez, CA 94553



Dear Local Agency Formation Commission:

Attached is a copy of Grand Jury Report No. 1808, "Joint Powers Authorities" by the 2017-2018 Contra Costa Grand Jury.

In accordance with California Penal Code Section 933 et seq., we are submitting this report to you as the officer, agency or department responsible for responding to the report. As the responding person or person responding on behalf of an entity, you shall report one of the following actions in respect to each finding:

- (1) You agree with the finding.
- (2) You disagree with the finding.
- (3) You partially disagree with the finding.

(Pen. Code, § 933.05(a).) In the cases of both (2) and (3) above, you shall specify the portion of the finding that is disputed, and shall include an explanation of the reasons thereof.

In addition, Section 933.05(b) requires you to reply to each recommendation by stating one of the following actions:

1. The recommendation has been implemented, with a summary describing the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
3. The recommendation requires further analysis. This response should explain the scope and parameters of the analysis or study, and a time frame for the matter to be prepared for discussion. This time frame shall not exceed six months from the date of the publication of the Grand Jury Report.
4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation thereof.

After reviewing your response to ensure that it includes the above-noted mandated items, please send (1) a hard copy of the response to the Grand Jury at P.O. Box 431, Martinez, CA 94553; and (2) a copy in Word by e-mail to ctadmin@contracosta.courts.ca.gov. Your response must be submitted to the Grand Jury, in the form described by the above-quoted Government Code, no later than **September 11, 2018**.

Finally, please note that this report is being provided to you at least two working days before it is released publicly. Section 933.05 specifies that no officer, agency, department or governing body of a public agency shall disclose any contents of the report prior to its public release.

Please immediately confirm receipt of this letter and the attached report by responding via e-mail to ctadmin@contracosta.courts.ca.gov.

Sincerely,

Mario Gutierrez, Foreperson
2017-2018 Contra Costa County Civil Grand Jury

**A REPORT BY
THE 2017-2018 CONTRA COSTA COUNTY GRAND JURY**
725 Court Street
Martinez, California 94553

Report 1808

Joint Powers Authorities

Transparency and Accountability

APPROVED BY THE GRAND JURY

Date MAY 31, 2018



MARIO GUTIERREZ
GRAND JURY FOREPERSON

ACCEPTED FOR FILING

Date June 5, 2018



ANITA SANTOS
JUDGE OF THE SUPERIOR COURT

Contact: Mario Gutierrez
Foreperson
925-389-1556

Contra Costa County Grand Jury Report 1808

Joint Powers Authorities

Transparency and Accountability

**TO: Contra Costa County Auditor-Controller;
Local Agency Formation Commission;
City Councils of the following cities: Antioch, Brentwood,
Clayton, Concord, Danville, El Cerrito, Hercules, Lafayette,
Martinez, Moraga, Oakley, Orinda, Pinole, Pittsburg, Pleasant Hill,
Richmond, San Pablo, San Ramon, and Walnut Creek**

SUMMARY

When you review your property tax bill, have you ever questioned why there was a particular assessment? Was this on a ballot? Was there public disclosure? The majority of tax assessments are approved by the voters. However, assessments can also be made without voter approval by cities that are members of Joint Powers Authorities.

Local governments have used Joint Powers Authorities (JPA) as a flexible, easy to form, cost-effective means to carry out specific functions. JPAs have been used to cover a wide range of functions, such as: fire protection, recreational programs, construction projects, and transportation.

As of December 2017, the 19 incorporated cities in Contra Costa County (County) reported to the Contra Costa Civil Grand Jury (Grand Jury) that they were members of at least one of 157 JPAs established in the County. The Grand Jury could not confirm that this was the total number of JPAs established. The Grand Jury also found that the 19 cities in the County have issued bonds, with an estimated cumulative value that exceeds \$1.5 billion. (www.standardandpoors.com, Dec 2017)

The Grand Jury investigated the use of JPAs by the cities. Due to the level of debt generated, the Grand Jury focused on financial type JPAs and specifically on their oversight, transparency, and financial accountability.

Based on our findings, the Grand Jury recommends the County Auditor post on their website all documents received from all JPAs associated with Redevelopment Agencies

(RDA) and their Successor Agencies. All cities should confirm their compliance with Gov. Codes 6500, and 33400 et seq. To demonstrate full transparency, cities should consider reporting all JPA financial information separate from their city budgets. The cities should also consider submitting periodic financial reports directly to the County Auditor, and increasing their efforts to provide the public an opportunity to understand and comment on planned debt actions pertaining to JPAs.

METHODOLOGY

In the course of its investigation, the Grand Jury:

- Interviewed Contra Costa Auditor-Controller senior staff
- Interviewed Contra Costa Tax Collector senior staff
- Interviewed Local Area Formation Commission (LAFCO) senior staff
- Interviewed Finance Directors of three representative cities within the County
- Submitted two Requests for Information to the 19 cities in the County
- Researched financial data published by Standard and Poor's

BACKGROUND

The California State Legislature passed the Joint Powers Authority Act in 1921. California Government Code (Gov. Code) statues for JPA laws are set forth in Sections 6500 - 6599. A JPA is formed when two or more public agencies agree on creating a function/service that benefits all JPA members. JPAs are not formed by voter initiative or voted on by the electorate, but by the action of the agencies' governing bodies.

To form a JPA, the organization members post a formal notice, hold a public meeting, and solicit comments from the public and stakeholders. The members formalize the agreement and appoint a Board of Directors. The JPA can then enter into contracts and incur debt to finance projects.

The intent of a JPA is to provide services efficiently, resulting in financial benefit to the taxpayers. By sharing resources and combining services, the member agencies save time, create efficiencies, and reduce overlapping functions and costs. JPAs allow governments to conduct selected public projects without voter approval of financial commitments or key operational decisions. JPAs can be formed for many reasons: acquisition of land, construction and maintenance projects, financing, insurance pooling, and operations of facilities.

When multiple jurisdictions decide a new project is needed, they can form a JPA. Otherwise they would have to take the lengthy approach to get a measure on the ballot, secure majority-voter approval, and sell revenue bonds to private investors to raise capital to fund the project.

Gov. Code, Section 6547 allows JPAs to issue revenue bonds without voter approval provided each of the member agencies adopts a separate local ordinance to issue such bonds. Voters have a 30-day period to call for a referendum election on the local ordinances, but this rarely occurs.

JPAs and Special Districts

JPAs are sometimes confused with Special Districts, which are another legal entity established to provide specific functions. The difference is that a Special District is an independent entity with its own governing body that delivers services to a dedicated community. Special Districts rely on different State laws for their legal authority and are governed by elected boards.

While counties and cities must provide basic services in accordance with federal and state law, Special Districts provide specific services and must be approved by the Local Agency Formation Commission (LAFCO) and the voters. Some examples include fire districts, water districts, and pest abatement. LAFCOs are responsible for "...overseeing the establishment, expansion and organization of cities and special districts and their municipal services in meeting current and future community needs" Gov. Code Section 56000 et seq.

In 2017, SB 1266 created a formal reporting process connecting JPAs and LAFCOs.

Types of Joint Powers Authorities

JPAs can be categorized into five broad groups based on the type of services they provide ("Governments Working Together: A Citizens Guide to Joint Powers Agreements," Cypher & Grinnell, 2007):

- Financial services: financing construction of public works such as city halls, bridges, and flood control projects
- Public services: transportation, police and fire protection
- Insurance pooling and purchasing discounts: pooling for lower insurance rates
- Planning Services: addressing and planning for topics of regional importance that go beyond city and county limits
- Regulatory enforcement: ensuring that member agencies adhere to state and federal laws and procedures by conducting educational seminars, formulating enforcement procedures, and maintaining an oversight role

DISCUSSION

The Grand Jury requested a list of all JPAs in Contra Costa County from the County Auditor-Controller and the State Controller's offices. Neither the County nor the State could provide a consolidated list of all the JPAs operating in the County. The State

Controller publishes an annual report on its website combining all relevant financial JPA information with Special Districts. The Grand Jury's attempts to identify JPA-specific data was not possible because the data was mixed in with Special Districts' data.

To secure JPA-specific data, the Grand Jury submitted a Request for Information to each of the 19 incorporated cities in the County to which all responded.

A total of 157 JPAs were reported. Because multiple cities participate in the same JPA (e.g., State Route 4 Bypass Authority), the number of individual JPAs is 66.

JPAs in Contra Costa County

JPAs			
Antioch	8	Oakley	5
Brentwood	10	Orinda	5
Clayton	10	Pinole	8
Concord	9	Pittsburg	9
Danville	10	Pleasant Hill	10
El Cerrito	7	Richmond	11
Hercules	9	San Pablo	5
Lafayette	4	San Ramon	18
Martinez	4	Walnut Creek	8
Moraga	7		
TOTAL		157	



JPA TYPES	
Public	35
Financial	23
Insurance	4
Regulatory	3
Planning	1
TOTAL	66

Source: RFI responses from 19 cities

The Grand Jury determined that due to the number of JPAs in the County and the amount of bonds issued, the investigation would focus on Financial JPAs (see chart above). The investigation addressed three areas of transparency and accountability: organization, reporting, and oversight.

Organization

RDAs were originally formed by California cities to fund their urban renewal programs. The California Community Redevelopment Law and Redevelopment Agencies were dissolved by Assembly Bill (ABx1.26) effective October 1, 2011. This was done to support the state's budget deficit and address issues with RDAs. After losing an appeal, California RDAs were officially dissolved on February 1, 2012. Their assets and liabilities transferred to Successor Agencies and Successor Housing Agencies. The Government Codes addressing RDAs and their Successor Agencies as a result of ABx1.26 are set forth in Gov. Codes Sections 33500, 33600, 34161, and 34170 et seq.

Numerous Successor Agencies now operate under a JPA. The Grand Jury identified 23 financial JPAs: nine with multiple cities, two without RDA, and 12 formed between a city and its RDA, creating the RDA's Successor Agency. Three JPAs that have been labeled

“Defunct” by the respective cities have ongoing financial obligations (such as repayment of bonds). The 12 Financial JPAs with RDA are:

- Antioch Public Finance Authority between the City of Antioch and its RDA
- Antioch Public Facilities Financing between the City of Antioch and its RDA
- Brentwood Infrastructure Finance Authority between the City of Brentwood and its RDA
- Concord Financing Authority between the City of Concord and its RDA
- El Cerrito Public Financing Authority between the City of El Cerrito and its RDA
- Hercules Public Financing Authority between the City of Hercules and its RDA
- Lafayette Public Facilities Financing Authority between the City of Lafayette and its Successor Agency to the RDA (Defunct)
- Pinole Financing Authority between the City of Pinole and its RDA
- Pleasant Hill Financing Authority between the City of Pleasant Hill and its RDA (Defunct)
- Richmond Financing Authority between the City of Richmond and its RDA
- San Pablo Financing Authority between the City of San Pablo and its Successor Agency to the RDA
- San Ramon Public Financing between the City of San Ramon and its Successor Agency to the RDA (Defunct)

The Gov. Codes Sections 34161, and 34170 et seq. required the closing of RDAs and the formation of Successor Agencies. The Successor Agencies were prohibited from taking on new redevelopment or debt and were required to dissolve and pay off their existing debt under a conservator’s guidance and State oversight. The Successor Agency was to terminate once the debt is fully paid off.

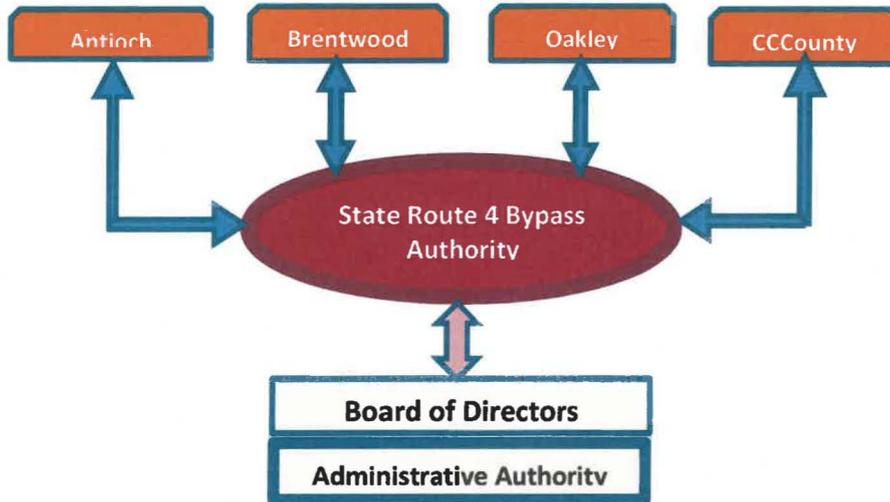
Numerous city councils elected themselves to be the Successor Agency conducting their own oversight. Eleven cities, listed above, formed JPAs consisting of the city council and the Successor Agency. These new JPAs may be invalid if they take on new debt (Gov. Codes Sections 34161, and 34170 et seq.).

The Grand Jury determined that, based on their characteristics, JPAs can be divided into two distinct organizational models: Direct and Circular.

Direct Organizational Model

The Direct model supports shared services: insurance pools, transportation, communications systems, worker’s compensation and flood protection. The JPA members are composed of similar entities that share a mutual challenge or opportunity.

Each member delegates a function of their authority to a JPA to either improve the service that is provided or to reduce the cost through a joint effort. If the JPA does not provide positive results or improvements, any member can withdraw from the JPA. This structure has checks and balances and allows for self-correction and accountability. In addition to each member providing inputs, the public has access to the JPA at the City Council member and JPA's Board levels. The majority of JPAs maintain this organizational structure and comply with the intent of the statute (Gov. Codes, Sections 6505, 6547 et seq.). The following is a simplified model of one JPA, The State Route 4 Bypass Authority.



Circular Organizational Model

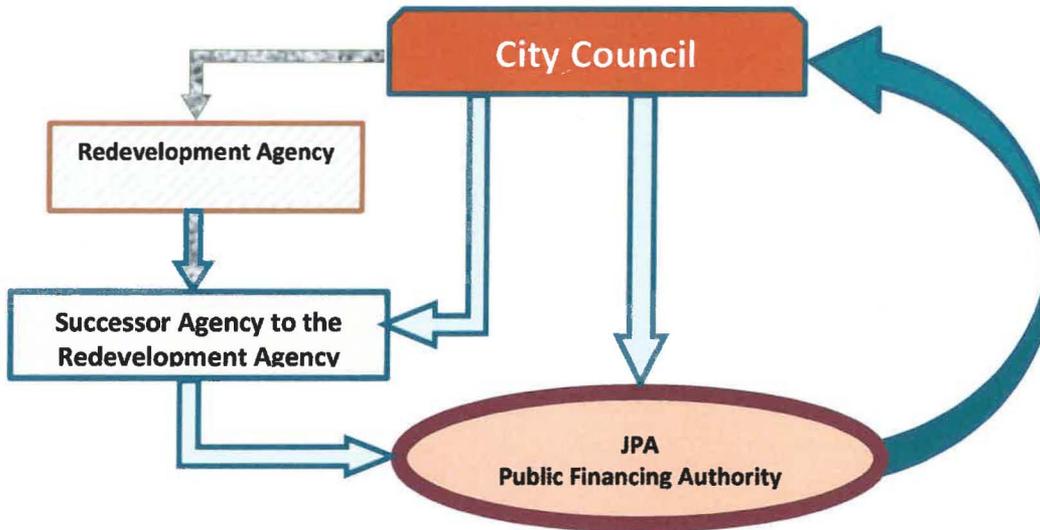
The Circular model is not made up of independent entities like the Direct model but is one entity using internal staff or departments. The members of this JPA are controlled by a single authority, such as the city council. Because JPAs can issue revenue bonds without voter approval, there is no public access or independent party to review financial accountability.

The 12 Financial JPAs with RDA use this Circular model. The city council now has authority over the city, its RDA, and the financing JPA. The reporting structure is circular as shown in the diagram below. The Grand Jury reviewed several Financial JPAs' charters and noted that the City Manager and City Clerk were signatories for both the city and the RDA. In one case, the same individual signed for both the city and its RDA. Since all its members are from a single entity, the Circular model does not have the same checks and balances and accountability as the Direct JPAs.

The circular model presents a potential risk to the public due to the absence of checks and balances resulting in a loss of transparency and accountability to its citizens.

In the event that a JPA falls short of its ability to repay debt, a member could utilize its General Fund or other internal sources to avoid the risk of defaulting on the bond. JPA protocols allow such actions by the city council without voters' approval. If the debt

increase is unchecked, a negative outcome can be damaging to the reputation of the city and its credit rating, and may result in higher costs to taxpayers.



Reporting

State Law SB 282 requires the State Controller to annually publish financial information of Special Districts, JPAs and public benefit corporations, excluding school districts. The Grand Jury was not able to accurately document JPA finances because the State Controller's report did not separate JPA data from Special District data. The Grand Jury also requested JPA information from the County Auditor-Controller's Office. They provided information only on JPAs with which the County was directly involved.

Health and Safety Code Sections 34182-34188.8 requires the Auditor-Controller to review JPAs' compliance with ABx1.26 (dissolution of redevelopment agencies and the designation of Successor Agencies) to determine any violation.

In 2017, SB1266 was amended to require JPAs to send a copy of their agreement to LAFCO. LAFCO was designated only to be a repository of filings with no authority over JPAs, they focus on municipal ground services and not JPAs formed for the purpose of financing.

Without a consolidated and useful way to track JPA financial reporting, there is a loss of transparency and accountability to the public.

Oversight

No State or County agency directly oversees the use and operation of JPAs in Contra Costa County. The Secretary of State, State Controller, the California Debt and Investment Commission and LAFCO serve only as a repository of JPA reports.

JPAs that fail to report their financial information to the State or county violate Gov. Codes Section 6505(a), which requires that "...an annual audit of the accounts and records of every agency or entity." Gov. Codes Section 6505(c) requires that when an audit is made, "...a report thereof shall be filed as public record with each of the contracting parties to the agreement and also with the county auditor of the county where the home office of the joint powers is located."

Because JPAs are easy to create, they facilitate the sharing of services and financing. If they are mismanaged, JPAs may present a burden for taxpayers. The estimated \$1.5 billion bonds issued by cities in the County may provide needed services and financial benefit to the taxpayers. However, the latitude allowed by State statutes creates the potential for JPAs to acquire debt that exceeds the ceiling imposed on government entities.

JPA's provide a legal process that gives cities the ability to remain compliant with California Constitution Article XVI, Section 18 "Debt." Article XVI prohibits cities, counties and school districts from borrowing an amount that exceeds the income and revenue for each year, unless approval is obtained from at least two-thirds of the voters. Since JPAs are separate legal entities formed by two members, such as the City Council and a Successor JPA, they are not bound by this prohibition on city, county and school debt. Gov. Codes Sections 6547 et seq, does not require voter approval on a JPA ordinance to issue revenue bonds, unless voters initiate a referendum to contest the action during the 30-day referendum period. If there is no referendum, the JPA can then issue revenue bonds that can exceed a cities' annual debt limit imposed by Article XVI, Section 18.

JPAs have no direct State or County oversight and minimal reporting requirements. As a result, Some JPAs, such as those defined as circular, are a mechanism whereby cities may take on debt that is not independently monitored.

FINDINGS

- F1. In the Direct JPA model, each member delegates to the JPA a function that each member has the legal authority to provide. This shared approach results in cost savings and better efficiency on behalf of taxpayers.
- F2. The Circular JPAs with a single controlling entity, such as a city council, have the potential to avoid legal debt limits and provide limited disclosures to taxpayer.
- F3. In Contra Costa County, there are 12 Circular JPAs created by cities with RDAs that no longer exist. These JPAs may no longer be valid because each is a member of another Financial JPA which may take on new debt without the prohibition (Gov. Codes Sections 6505 3416/34170 et seq,) placed on Successor Agencies.

- F4. Cities that have created the 12 Financial JPAs do not provide JPA-specific financial information in their budget document. As a result, the public may have difficulty evaluating JPA's financial performance.
- F5. The Contra Costa Auditor-Controller's office maintains information only on JPAs of which the County is a member. The County Auditor could not verify that all JPAs in the County have filed an audit in accordance with Gov. Codes Sections 6505 et seq.
- F6. LAFCO has no JPA oversight and acts as a repository only for municipal services JPAs that choose to voluntarily file. This limits LAFCO's ability to review Financial JPAs.

RECOMMENDATIONS

- R1. All cities with JPAs in the County should confirm their compliance with Gov. Codes Sections 6505 by submitting the required audit report to the County Auditor by December 31, 2018.
- R2. The Auditor-Controller under Health and Safety Code Sections 34182-34188.8, should consider a review of JPAs under ABx1.26 (dissolution of redevelopment agencies and the designation of Successor Agencies) by June 30, 2019 to determine any violation of the prohibition on taking on new redevelopment or debt.
- R3. The Auditor-Controller should consider posting on its website all financial and organizational data received from JPAs associated with an RDA or their Successor Agency in a manner readily available to the public by September 30, 2018.
- R4. The 11 cities that are members of a JPA associated with an RDA or their Successor Agencies should consider confirming their compliance with the provisions of ABx1.26 (Gov. Codes Sections 34177 et seq.) and report their findings and any corrective actions to the Auditor-Controller's office by December 31, 2018.
- R5. All cities with JPAs should consider making special efforts, such as special mailings to taxpayers, website postings and announcements in local media, to communicate JPA debt decisions and audit reports to the public beyond simple notifications by December 31, 2018.
- R6. Contra Costa County LAFCO should consider seeking funds to expand their focus to include County Financial JPAs by September 1, 2019.

REQUIRED RESPONSES

	Findings	Recommendations
Cities of Antioch, Brentwood, Clayton, Concord, Town of Danville, El Cerrito, Hercules, Lafayette, Martinez, Town of Moraga, Oakley, Orinda, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon, Walnut Creek	F1	R1, R5
Contra Costa County Auditor-Controller	F2, F3, F4, and F5	R2 and R3
Cities of Antioch, Brentwood, Concord, El Cerrito, Hercules, Lafayette, Pinole, Pleasant Hill, Richmond, San Pablo, San Ramon	F2, F3, and F4	R4
Local Agency Formation Commission (LAFCO)	F6	R6

These responses must be provided in the format and by the date set forth in the cover letter that accompanies this report. An electronic copy of these responses in the form of a Word document should be sent by e-mail to ctadmin@contracosta.courts.ca.gov and a hard (paper) copy should be sent to:

Civil Grand Jury – Foreperson
 725 Court Street
 P.O. Box 431
 Martinez, CA 94553-0091



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 Tatz in <i>City Member</i>

ALTERNATE MEMBERS

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

July 11, 2018

Mario Gutierrez, Foreperson
 2017-18 Contra Costa County Civil Grand Jury
 725 Court Street
 P.O. Box 431
 Martinez, CA 94553-0091

Dear Mr. Gutierrez:

On June 7, 2018, the Contra Costa Local Agency Formation Commission (LAFCO) received Grand Jury Report No. 1808, entitled “*Joint Powers Authorities.*”

On July 11th, the Commission reviewed the draft response to the Grand Jury, provided input and directed LAFCO staff to submit a response prior to the September 11, 2018 deadline. We hereby submit the following responses to the relevant findings and recommendations contained in Grand Jury Report No. 1808.

FINDINGS

F1. LAFCO has no JPA oversight and acts as a repository only for municipal services JPAs that choose to voluntarily file. This limits LAFCO’s ability to review Financial JPAs.

Response: *The respondent agrees with the finding.*

In accordance with SB 1266 (McGuire) enacted January 1, 2017, local agencies are required to file with LAFCO the full text of JPAs, and any amendments to the agreement, in the same manner as filed with the State Controller under existing law. These documents must be filed with the LAFCO in each county within which all or any part of a local agency member’s territory is located. Failure to comply with the SB 1266 reporting requirements will prohibit that JPA from issuing any bonds or incurring indebtedness of any kind.

For LAFCO purposes, SB 1266 applies to JPAs that include a city, county or special district as a member agency, and are or were formed as separate legal entities to provide municipal services, in accordance with Government Code §56047.7.

Pursuant to SB 1266, LAFCO does not have JPA regulatory and review authority – LAFCO’s role is to serve as a repository for associated filings. A list of all JPAs filed with Contra Costa LAFCO to date is available online at <http://contracostalafco.org/about-us/jpa/>.

RECOMMENDATIONS

R6. Contra Costa LAFCO should consider seeking funds to expand their focus to include County Financial JPAs by September 1, 2019.

Response: *The recommendation will not be implemented because it is not warranted or is not reasonable.*

Pursuant to SB 1266, LAFCO serves as a repository for specific types of JPAs – those formed as separate legal entities to provide municipal services, in accordance with Government Code §56047.7. Under existing law, LAFCO does not have statutory authority to require cities, counties and districts to file financing mechanism JPAs with LAFCO, nor is LAFCO charged with regulating local agency financing tools.

LAFCO is required to review and update spheres of influence (SOIs) for local agencies every five years, as necessary [Government Code §56425(g)]. In conjunction with the SOI updates, LAFCO must conduct a Municipal Service Review (MSR). The mandate to prepare periodic MSRs came out of the “Growth Within Bounds” report of the Commission on Local Governance in the 21st Century (2000). As noted in this report, the focus of MSRs is to review services provided within the county to help “achieve a logical extension of local services to meet guide California’s future growth and development.” Service reviews are designed to determine growth and population projections, infrastructure needs/deficiencies, financing constraints/opportunities, opportunities for shared facilities, evaluation of management efficiencies, local accountability and governance, and government structure options.

While one of the MSR determinations relates to finances, the focus is the financial ability of the agency to provide services, and not specifically on financing mechanisms. LAFCO has no regulatory authority over local agency finances or JPAs. Pursuant to State law, LAFCO’s regulatory authority is primarily limited to service boundary and SOI changes, the extension of municipal services (inside and outside service boundaries), and conducting MSRs.

Should legislation be enacted to allow LAFCOs to collect JPAs formed as a financing mechanism, LAFCO will collect these JPAs as they could potentially provide useful information in consideration of proposals and in conjunction with the MSRs.

Should you have further questions, please contact us.

Sincerely,

Michael R. McGill
Chair, Contra Costa LAFCO



AGENDA

July 11, 2018
Agenda Item 11

RETIREMENT BOARD MEETING

SECOND MONTHLY MEETING
June 27, 2018
9:00 a.m.

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

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

1. Pledge of Allegiance.
2. Accept comments from the public.
3. Approve minutes from the May 23, 2018 meeting.

CLOSED SESSION

4. The Board will go into closed session pursuant to Govt. Code Section 54956.9(d)(1) to confer with legal counsel regarding pending litigation:
 - a. *Debra Fernandez v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. CIVMSN17-0366

OPEN SESSION

5. Presentation from Brown Armstrong on the audit of the December 31, 2017 financial statements.
6. Education session from Verus on risk parity.
7. Consider and take possible action to adopt Board of Retirement Resolution No. 2018-2, Investment Asset Allocation Targets and Ranges.
8. Presentation of Annual Investment Funding Plan.
9. Update from Chief Investment Officer on AE Industrial Partners Fund II and Siris Partners IV.
10. Presentation of 2017 CCCERA budget vs. actual expenses report.
11. Miscellaneous
 - a. Staff Report
 - b. Outside Professionals' Report
 - c. Trustees' comments

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

CALAFCO Daily Legislative Report as of Tuesday, July 03, 2018

July 11, 2018
Agenda Item 13a

AB 2050 (Caballero D) Small System Water Authority Act of 2018.

Current Text: Amended: 6/11/2018 [html](#) [pdf](#)

Introduced: 2/6/2018

Last Amended: 6/11/2018

Status: 6/28/2018-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 0.) (June 27). Re-referred to Com. on APPR.

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

Summary:

This bill would create the Small System Water Authority Act of 2018 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2019, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance with one or more state or federal primary drinking water standard maximum contaminant levels as of December 31, 2018, and for 4 consecutive quarters, as specified.

Position: Support

Subject: LAFCo Administration, Municipal Services, Water

CALAFCO Comments: This bill is sponsored by Eastern Municipal Water District and the CA Municipal Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water authority. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency.

LAFCo will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB's appointed Administrator will act as the applicant on behalf of the state. LAFCo will have ability to approve with modifications the application, and the new agency will have to report to the LAFCo annually for the first 3 years.

CALAFCO continues to work with the author and sponsor on additional amendments including giving the authority to levy fines to the SWRCB (rather than the LAFCo); and ensuring codification of the appropriate protest process.

AB 2238 (Aguilar-Curry D) Local agency formation: regional housing need allocation: fire hazards: local health emergencies: hazardous and medical waste.

Current Text: Amended: 6/12/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Last Amended: 6/12/2018

Status: 6/20/2018-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 7. Noes 0.) (June 20). Re-referred to Com. on APPR.

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

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts. The act specifies the factors that a local agency

formation commission is required to consider in the review of a proposal for a change of organization or reorganization, including, among other things, per capita assessed valuation and the proposal's consistency with city or county general and specific plans This bill would require the commission to consider the assessed valuation rather than per capita assessed valuation.

Attachments:

[CALAFCO Support Letter May 2018](#)

Position: Support

Subject: Climate Change, Growth Management

CALAFCO Comments: This bill seeks to add another factor for LAFCo consideration in the review of a proposal. That factor is information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone pursuant to Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal.

The bill also adds two non-LAFCo-related sections pertaining to the update of a housing element.

This bill is in response to the rash of wildfires throughout the state over the past several years and the ongoing threat of same as a result of climate change.

[AB 2258](#) (Caballero D) Local agency formation commissions: grant program.

Current Text: Amended: 7/2/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Last Amended: 7/2/2018

Status: 7/2/2018-Read second time and amended. Re-referred to Com. on APPR.

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

Summary:

Current law establishes the Strategic Growth Council in state government and assigns to the council certain duties, including providing, funding, and distributing data and information to local governments and regional agencies that will assist in the development and planning of sustainable communities. This bill would require the Strategic Growth Council, until January 1, 2024, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency, and for other specified purposes, including the initiation of an action, based on determinations found in the study, as approved by the commission.

Attachments:

[CALAFCO Support March 2018](#)

[CALAFCO Support March 2018](#)

Position: Sponsor

Subject: Other

CALAFCO Comments: This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCos one-time grant funding for in-depth studies of potential reorganization of local service providers. CALAFCO is working with the Strategic Growth Council (SGC) who has agreed to administer the grant program. Grant funds will be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts (pursuant to SB 448, Wieckowski, 2017). The grant program would sunset on December 31, 2023.

The bill also changes the protest threshold for LAFCo initiated actions, solely for the purposes of actions funded pursuant to this new section. It allows LAFCo to order the dissolution of a district (outside of the ones identified by the SCO) pursuant to a majority protest (mirroring existing

language in Government Code Section 57077.1.c). For all other changes of organization or reorganization pursuant to this section, the threshold would be 25% rather than 10%, in accordance with Government Code Section 57075.

Amendments taken in Senate Governance & Finance and Natural Resources & Water will narrow the scope of the bill to focus on service providers serving disadvantaged communities; will require LAFCo pay back grant funds in their entirety if the study is not completed within two years; and require the SGC to give preference to LAFCOs whose decisions have been aligned with the goals of sustainable communities strategies.

Other amendments pending are clarifying the language in section (4) regarding inactive districts and changing the protest thresholds to mirror elections code 11221 so that they are a sliding scale.

AB 2600 (Flora R) Regional park and open space districts.

Current Text: Amended: 6/26/2018 [html](#) [pdf](#)

Introduced: 2/15/2018

Last Amended: 6/26/2018

Status: 6/26/2018-Read second time and amended. Ordered to third reading.

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

Calendar:

7/5/2018 #240 SENATE SEN THIRD READING FILE - ASM BILLS

Summary:

Current law authorizes proceedings for the formation of a regional park, park and open-space, or open-space district to be initiated pursuant to a petition signed by at least 5,000 electors residing within the proposed district territory and presented to the county board of supervisors, as specified. Existing law also authorizes proceedings for district formation in specified counties 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 would, in lieu of the petition described above, authorize the formation of a district by the adoption of a resolution of application by the legislative body of any county or city that contains the territory proposed to be included in the district.

Attachments:

[CALAFCO Support_March 2018](#)

Position: Support

CALAFCO Comments: This bill would expand the process of initiating the formation of a regional pack and open space district by adding that a local governing body may adopt a resolution proposing to form a new district. This would be in lieu of having a 5,000 signature petition. The LAFCo process remains intact.

The intent of this bill is to create an easier way to proposed the formation of these types of districts, thereby removing the need for special legislation to do so. The bill is author-sponsored.

AB 3254 (Committee on Local Government) Local government organization: omnibus.

Current Text: Enrollment: 6/29/2018 [html](#) [pdf](#)

Introduced: 3/14/2018

Last Amended: 5/17/2018

Status: 6/29/2018-Enrolled and presented to the Governor at 3 p.m.

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

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act) provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Current law defines various terms for purposes of that Act, including the terms "affected territory" and "inhabited territory." This bill would revise those definitions to include territory that is to receive extended services from a local agency, and additionally define the

term "uninhabited territory" for purposes of the Act.

Attachments:

- [Request Governor Signature June 2018](#)
- [CALAFCO Support](#)

Position: Sponsor

CALAFCO Comments: This is the annual Assembly Local Government Committee Omnibus bill, sponsored by CALAFCO. Amendments are pending to add several items.

SB 1215 (Hertzberg D) Provision of sewer service: disadvantaged communities.

Current Text: Amended: 7/2/2018 [html](#) [pdf](#)

Introduced: 2/15/2018

Last Amended: 7/2/2018

Status: 7/2/2018-Read second time and amended. Re-referred to Com. on APPR.

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

Summary:

The Porter-Cologne Water Quality Control Act requires each California regional water quality control board to adopt water quality control plans and to establish water quality objectives in those plans, considering certain factors, to ensure the reasonable protection of beneficial uses and the prevention of nuisance. This bill would authorize the regional board to order the provision of sewer service by a special district, city, or county to a disadvantaged community, as defined, under specified circumstances. By authorizing the regional board to require a special district, city, or county to provide sewer service, this bill would impose a state-mandated local program.

Position: Watch With Concerns

Subject: Disadvantaged Communities, Water

CALAFCO Comments: As amended, this bill authorizes the State Water Resources Control Board (SWRCB) to mandate extension of service or consolidation of wastewater systems - both public and private, under certain circumstances. The process mirrors the process set forth in SB 88 giving the SWRCB authority to mandate the same for drinking water systems.

The current version includes a number of amendments that address previous CALAFCO concerns. However, there is an outstanding issue of annexing territory to which services were extended into a city. (The bill does now call for a mandatory annexation into a district should the services be extended by them.)

SB 1496 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 6/1/2018 [html](#) [pdf](#)

Introduced: 3/1/2018

Status: 6/1/2018-Approved by the Governor. Chaptered by Secretary of State. Chapter 23, Statutes of 2018.

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 2018, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

- [CALAFCO Support March 2018](#)

Position: Support

SB 1497 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 6/1/2018 [html](#) [pdf](#)

Introduced: 3/1/2018

Status: 6/1/2018-Approved by the Governor. Chaptered by Secretary of State. Chapter 24, Statutes of 2018.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered

1st House	2nd House	Conc.
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Summary:

This bill would enact the First Validating Act of 2018, 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 Support March 2018](#)

Position: Support

Subject: LAFCo Administration

SB 1499 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 6/1/2018 [html](#) [pdf](#)

Introduced: 3/1/2018

Status: 6/1/2018-Approved by the Governor. Chaptered by Secretary of State. Chapter 25, Statutes of 2018.

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 2018, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2018](#)

Position: Support

Subject: LAFCo Administration

AB 2268 (Reyes D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Amended: 4/16/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Last Amended: 4/16/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/2/2018)

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

Summary:

for the 2018–19 fiscal year, would require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2017–18 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2017–18 fiscal year to the 2018–19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17.

Attachments:

[CALAFCO Support Letter May 2018](#)

Position: Support

Subject: Tax Allocation

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for inhabited annexations.

AB 2491 (Cooley D) Local government finance: vehicle license fee adjustment amounts.

Current Text: Amended: 4/2/2018 [html](#) [pdf](#)

Introduced: 2/14/2018

Last Amended: 4/2/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 4/25/2018)

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

Summary:

Would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter. This bill contains other related provisions and other existing laws.

Attachments:

[CALAFCO Support March 2018](#)

Position: Support

Subject: Tax Allocation

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for cities incorporating after 2017.

[AB 2501](#) (Chu D) Drinking water: consolidation and extension of service.

Current Text: Amended: 6/27/2018 [html](#) [pdf](#)

Introduced: 2/14/2018

Last Amended: 6/27/2018

Status: 6/27/2018-Read second time and amended. Re-referred to Com. on APPR.

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

Summary:

The California Safe Drinking Water Act authorizes the State Water Resources Control Board to order extension of service to an area within a disadvantaged community that does not have access to an adequate supply of safe drinking water so long as the extension of service is an interim extension of service in preparation of consolidation. The act defines "disadvantaged community" for these purposes to mean a disadvantaged community that is in an unincorporated area, is in a mobilehome park, or is served by a mutual water company or small public water system. This bill would redefine "disadvantaged community" for these purposes to also include a disadvantaged community that is served by a state small water system or domestic well.

Position: Watch With Concerns

Subject: Disadvantaged Communities, Water

[AB 1577](#) (Gipson D) California Safe Drinking Water Act: Sativa-Los Angeles County Water District.

Current Text: Amended: 6/27/2018 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 6/27/2018

Status: 7/2/2018-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on APPR.

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

Summary:

The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties. The act authorizes the state board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water. This bill would authorize the state board to order a designated public water system to accept managerial and administrative services without first making a finding that consolidation or extension of service is not appropriate or not technically and economically feasible if the state board finds that an emergency circumstance exists to warrant immediate action to protect the public health.

Attachments:

[CALAFCO Support Letter June 2018](#)

Position: Support
Subject: Disincorporation/dissolution, Water

[AB 1889](#) (Caballero D) Santa Clara Valley Water District.

Current Text: Amended: 4/4/2018 [html](#) [pdf](#)
Introduced: 1/18/2018
Last Amended: 4/4/2018
Status: 7/2/2018-From committee: Amend, and do pass as amended. (Ayes 7. Noes 0.) (June 27).

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

Calendar:
 7/5/2018 #91 SENATE SEN SECOND READING FILE - ASSEMBLY BILLS

Summary:
 The Santa Clara Valley Water District Act authorizes the district to impose special taxes at minimum rates according to land use category and size. The district act authorizes the district to provide an exemption from these taxes for residential parcels owned and occupied by one or more taxpayers who are at least 65 years of age, or who qualify as totally disabled, if the household income is less than an amount approved by the voters of the district. This bill would authorize the district to require a taxpayer seeking an exemption from these special taxes to verify his or her age, disability status, or household income, as prescribed.

Position: Watch

[AB 2019](#) (Aguiar-Curry D) Health care districts.

Current Text: Amended: 6/25/2018 [html](#) [pdf](#)
Introduced: 2/5/2018
Last Amended: 6/25/2018
Status: 6/25/2018-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on APPR.

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

Summary:
 The Local Health Care District Law provides for local health care districts that govern certain health care facilities. Each health care district has a board of directors with specific duties and powers respecting the creation, administration, and maintenance of the district. Current law requires the board of directors to establish and maintain an Internet Web site that may include specified information, such as a list of current board members and recipients of grant funding or assistance provided by the district, if any, and to adopt annual policies for providing assistance or grant funding, as specified. This bill would require the board of directors to include specified information, such as the district's policy for providing assistance or grant funding, on the district's Internet Web site.

Position: Watch
CALAFCO Comments: This bill places a number of statutory requirements on healthcare districts (HCDs). One provision that directly affects LAFCo is the HCDs will be required to notify their respective LAFCo when they file for bankruptcy.

[AB 2179](#) (Gipson D) Municipal corporations: public utility service: water and sewer service.

Current Text: Introduced: 2/12/2018 [html](#) [pdf](#)
Introduced: 2/12/2018
Status: 7/2/2018-Read second time. Ordered to third reading.

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

Calendar:
 7/5/2018 #286 SENATE SEN THIRD READING FILE - ASM BILLS

Summary:
 Would authorize a municipal corporation to utilize the alternative procedures to lease, sell, or

transfer that portion of a municipal utility used for furnishing sewer service outside the boundaries of the municipal corporation.

Position: Watch
Subject: Municipal Services

AB 2262 (Wood D) Coast Life Support District Act: urgent medical care services.

Current Text: Amended: 4/16/2018 [html](#) [pdf](#)
Introduced: 2/13/2018
Last Amended: 4/16/2018
Status: 7/2/2018-Read second time. Ordered to Consent Calendar. From Consent Calendar. Ordered to third reading.

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

Calendar:
 7/5/2018 #280 SENATE SEN THIRD READING FILE - ASM BILLS

Summary:
 Current law, the Coast Life Support District Act, establishes the Coast Life Support District and specifies the powers of the district. The district is authorized, among other things, to supply the inhabitants of the district emergency medical services, as specified. This bill would additionally authorize the district to provide urgent medical care services.

Attachments:
[CALAFCO Oppose Unless Amended](#)
[CALAFCO Support as amended](#)

Position: Support
Subject: LAFCo Administration, Special District Powers
CALAFCO Comments: This is a single district bill in which the district is seeking to add the power of providing urgent care (actually to codify powers they have been performing for a number of years). As amended, the bill cleans up the outdated reference to the Act and adds a provision requiring the district to seek LAFCo approval to activate the new power. As a result of these amendments, CALAFCO has removed our opposition and now supports the bill.

AB 2339 (Gipson D) Water utility service: sale of water utility property by a city.

Current Text: Amended: 4/3/2018 [html](#) [pdf](#)
Introduced: 2/13/2018
Last Amended: 4/3/2018
Status: 6/27/2018-VOTE: Do pass as amended

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

Summary:
 Would permit a city that owns and operates a public utility for furnishing water service to sell the public utility for the purpose of consolidating its public water system with another public water system pursuant to the specified procedures, only if the potentially subsumed water system is wholly within the boundaries of the city, if the city determines that it is uneconomical and not in the public interest to own and operate the public utility, and if certain requirements are met. The bill would prohibit the city from selling the public utility for one year if 50% of interested persons, as defined, protest the sale.

Position: Watch
Subject: Water

SB 522 (Glazer D) West Contra Costa Healthcare District.

Current Text: Amended: 1/3/2018 [html](#) [pdf](#)
Introduced: 2/16/2017
Last Amended: 1/3/2018
Status: 6/28/2018-Read second time. Ordered to consent calendar.

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

Calendar:

7/5/2018 #91 ASSEMBLY CONSENT CALENDAR 2ND DAY-SENATE BILLS

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 health care 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: State audit.****Current Text:** Amended: 6/26/2018 [html](#) [pdf](#)**Introduced:** 2/17/2017**Last Amended:** 6/26/2018**Status:** 6/28/2018-Re-referred to Com. on APPR. pursuant to Assembly Rule 96.

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

Summary:

Current law requires the county auditor to either perform an audit, or contract with a certified public accountant or public accountant to perform an audit, of the accounts and records of every special district within the county, as specified. Current law authorizes a special district, by unanimous request of its governing board and unanimous approval by the board of supervisors, to replace the annual audit with an audit over a longer period of time or with a financial review, as specified. This bill would require, by August 1, 2019, the California State Auditor to complete an audit of the Fallen Leaf Lake Community Services District that includes, among other things, an analysis of the district's financial condition and ongoing financial viability.

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: Watch**Subject:** Water**SB 778 (Hertzberg D) Water systems: consolidations: administrative and managerial services.****Current Text:** Amended: 7/13/2017 [html](#) [pdf](#)**Introduced:** 2/17/2017**Last Amended:** 7/13/2017**Status:** 9/1/2017-Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR. on 8/23/2017)(May be acted upon Jan 2018)

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

Summary:

Would require, on or before March 1, 2018, and regularly thereafter, as specified, the State Water Resources Control Board to track and publish on its Internet Web site an analysis of all voluntary and ordered consolidations of water systems that have occurred on or after July 1, 2014. The bill would require the published information to include the resulting outcomes of the consolidations and whether the consolidations have succeeded or failed in providing an adequate supply of safe drinking water to the communities served by the consolidated water systems.

Position: Watch**Subject:** Municipal Services**SB 929 (McGuire D) Special districts: Internet Web sites.****Current Text:** Amended: 3/6/2018 [html](#) [pdf](#)**Introduced:** 1/25/2018**Last Amended:** 3/6/2018**Status:** 7/2/2018-From consent calendar on motion of Assembly Member Calderon.

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

Calendar:

7/5/2018 #84 ASSEMBLY THIRD READING FILE - SENATE BILLS

Summary:

The California Public Records Act requires a local agency to make public records available for inspection and allows a local agency to comply by posting the record on its Internet Web site and directing a member of the public to the Web site, as specified. This bill would, beginning on January 1, 2020, require every independent special district to maintain an Internet Web site that clearly lists contact information for the special district, except as provided. Because this bill would require local agencies to provide a new service, the bill would impose a state-mandated local program.

Attachments:[CALAFCO Support letter May 2018](#)**Position:** Support**SB 1498 (Committee on Governance and Finance) Local Government Omnibus Act of 2018.****Current Text:** Amended: 6/19/2018 [html](#) [pdf](#)**Introduced:** 3/1/2018**Last Amended:** 6/19/2018**Status:** 6/28/2018-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To consent calendar. (Ayes 9. Noes 0.) (June 27). Re-referred to Com. on APPR.

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

Summary:

Current law sets forth various provisions governing cities that reference various officers and employees. This bill would make these references gender neutral.

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

Total Measures: 24

Total Tracking Forms: 24

7/3/2018 10:47:47 AM

**CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
PENDING PROPOSALS – July 11, 2018**

July 11, 2018
Agenda Item 13b

LAFCO APPLICATION	RECEIVED	STATUS
LAFCO No. 10-09 - 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
LAFCO No. 10-10 - 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
LAFCO No. 13-04 - 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
LAFCO No. 14-05 - 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 Commission's calendar pending further notice
LAFCO No. 16-07 - Tassajara Parks Project – proposed SOI expansions to CCCSD and EBMUD of 30± acres located east of the City of San Ramon and the Town of Danville	May 2016	Currently incomplete
LAFCO No. 16-06 - Tassajara Parks Project – proposed annexations to CCCSD and EBMUD of 30± acres located east of the City of San Ramon and the Town of Danville	May 2016	Currently incomplete
LAFCO No. 17-13 - Dissolution of Los Medanos Community Healthcare District	Nov 2017	Currently incomplete
LAFCO 18-06 - Chang Property Reorganization – proposed annexations to City of San Ramon, CCCSD and EBMUD of 66.92± acres located northwest of the intersection of Bollinger Canyon Road and Crow Canyon Road in unincorporated San Ramon	March 2018	Pending
LAFCO 18-08 - Dissolution of Rollingwood Wilart Park Recreation & Park District (RWPRPD) - LAFCO initiated proposal to dissolve the RWPRPD located in unincorporated San Pablo	January 2018	Pending
LAFCO 18-09 - Dissolution of Reclamation District (RD) 2121 – LAFCO initiated dissolution of RD 2121 (Bixler Tract) located in east Contra Costa County as it is an inactive district	May 2018	Pending

Commentary: My Plan for Building the Perfect California City

July 11, 2018
Agenda Item 13c

Posted by : [PublicCEO](#) June 18, 2018

Welcome to ‘Joeville,’ Where the First Rule Is Not to Play by the Rules

By Joe Mathews.

Recently a startup founder in San Jose asked me a question: What would you do if you were starting a California city?

My first answer: Get my head examined.

For 40 years, the state government and California voters have steadily reduced the revenues and limited the discretion of municipal governments; anyone who starts a new city in such conditions is insane by definition. Our newest cities—like Jurupa Valley and Menifee in Riverside County—have struggled to survive.

Then I reconsidered. No, I don’t believe in the advanced dream cities that technologists at Google parent Alphabet or startup accelerator Y Combinator want to conjure. But maybe you could form a workable California city—by exploiting California’s present-day realities, rather than bowing to them.

I certainly know how I *wouldn’t* start a new city: by electing a city government, building expensive housing, or hiring the police and firefighters whose salaries and retiree benefits swallow municipal budgets whole.

Instead, I’d start my California city—let’s call it Joeville—by bringing on board the most important person in any California city: the developer.

Spit out your coffee if you must, but cities thrive or wither by the quality of their developers. California laws on politics, open meetings, and open records so greatly restrict the power of our public officials that they often can’t talk freely and legally to each other. As a result, developers don’t just create projects—the good ones become the hubs of communication, the head coach through which all the players in a city talk and plan.

What would my developer develop first? Certainly not streets, houses, or businesses. Those can come later. If you want a great California city, you should start with a big research university.

It’s no accident that California’s most successful post-war city—Irvine—got a University of California campus in 1965, six years before the city incorporated in 1971. Or that Stanford

started in 1891, three years before Palo Alto incorporated in 1894. Universities also can transform small and sleepy towns. Look at La Jolla: Once a retirement village for Navy people, it became an international center for research and technology after it got a UC campus.

Universities perform many roles in building community: They are economic engines, provide a look for the city, and attract talented people from around the world. The good ones work to address social challenges, too. And California needs more of them, given our shortage of college graduates.

If you doubt their impact on cities, consider San Bernardino and Riverside, as James and Deborah Fallows do in their terrific new book, *Our Towns: A 100,000-Mile Journey Into the Heart of America*. “Riverside and San Bernardino were similar-sized cities with similar economic prospects at the end of World War II,” they write, but now Riverside is 50 percent bigger. “Their prospects began diverging in the 1960s—Riverside’s up, San Bernardino’s down—when Riverside was chosen as the site of a new University of California campus and San Bernardino was not.”

Only with a university would Joeville be viable. I’d put mine in the city center, not on the outskirts as was done, mistakenly, with the new UC campus in Merced. I’d also put my university in charge of the local school district—creating a teachers college in the process.

With the schools in place, the developer could turn to developing a tax base. Under California’s misbegotten tax system, the best-off cities often are those that collect the most sales taxes. That’s why retail-poor San Jose, despite having so many rich homeowners, has a weak city government, while the city of Cerritos, with its auto mall, is rich.

My city would be designed around two highly attractive retailers that produce huge sales and taxes: Costco and an Apple store. I’d attach the Apple store to a luxury hotel so that I could tax its rooms, too. And since those retailers pay well, many of their employees could become, along with the university students, my city’s first residents.

You probably think that, at this point, we’d establish a city government to set up services. Think again. Local officials in California are so weak as to be useless. Better to have citizens take the lead.

California’s preeminent expert on local participation, Pete Peterson, dean of Pepperdine University’s School of Public Policy, offered a number of suggestions for Joeville. First, it should be a charter city with its own mission statement, drafted by citizens, that answers the questions: What are we for? Why are we doing this? These ideas would help the town form its own distinct identity. Joeville could have its own local holiday—Founding Day—in the town’s public square, called the *zócalo* (which happens to be the name of the media nonprofit where I work), at which the mission statement would be read.

Peterson suggests that since the citizens would be leading the governance of their city, residents should attend a multi-day “Citizens Academy” where they would learn the basics of municipal

government, including budgeting. Then citizens would be asked to serve on government commissions and local nonprofits.

Peterson says that Joeville could increase citizen engagement through its design. To encourage neighbors to get to know each other, city code might require porches to be built on the fronts of houses, with no attached garages.

Once Joeville's citizens are engaged, we'd be free to set up whatever municipal departments are required. Joeville wouldn't be afraid to contract out services, especially police and fire, given the expense, so as to have more money for libraries, parks, and civic forums. In this, Joeville would be typical: Fewer than one-quarter of California cities are responsible for all of their own municipal services.

Now, by this point, you're thinking that Joeville is fantasy. Wouldn't Joeville be stopped in its tracks by California's regulation and litigation? Yes, which is why we'd lobby state legislators to have the entire city declared to be a stadium—not for sports, but of civic experimentation. The state, you see, routinely gives environmental and regulatory exemptions to stadiums, if little else.

Of course, Joeville still needs to find financing. In the meantime, California's nearly 500 cities, struggling with state restrictions on funding and governance, might adopt Joeville's civic motto: "You'll Never Win If You Play By California's Rules."

[Originally posted at Zocalo Public Square.](#)

Water Deeply

California Limits Daily Personal Water Use to 55 Gallons – Kind Of

The state's new per capita limit on indoor water use is groundbreaking, but there is no practical way to enforce it. Rather, it is intended to inspire more conservation and guide larger efforts by water utilities.

Written by [Matt Weiser](#) Published on June 20, 2018 Read time Approx. 4 minutes

California has always been America's leader on environmental policy, and water is no exception. So it was hardly surprising when the state made headlines across the nation in early June with a new policy on residential water use: Californians will be limited to 55 gallons per person per day for their indoor water needs.

The rule is apparently the first of its kind in the nation. But lost in the excitement is the fact that water agencies have no way to measure how much water their customers use indoors. Homes have only one water meter, and it provides no information about where water is used or for what purpose.

In reality, it turns out, the 55-gallon limit is not a limit at all. It is merely an aspirational target meant to motivate customers to conserve.

“The statewide indoor water use standard is not enforceable on individual water users,” said Dave Bolland, director of state regulatory relations at the [Association of California Water Agencies](#). “There is no provision [in the law] that requires individual households to meet a specific water use target.”

The [pair of new laws](#) that enacted the 55-gallon target, Assembly Bill 1668 and Senate Bill 606, set it as a goal that water utilities must meet by averaging across all their customers. Water agencies must create a “water budget,” aggregated across their entire service area, that includes indoor water consumption, water applied for landscape irrigation, commercial and industrial use and water lost due to system leakage.

The overarching goal is to create a culture of permanent water conservation, and to sustain the progress made by emergency measures during California's five-year drought.

But even in the new aggregated water budgets, utilities have no way to know for sure how much total water is being used indoors by their customers. They'll be guessing.

And water agencies are not required to ensure indoor water use hits the 55-gallon target, even as a system-wide average. Utilities only face a threat of fines by the state if they fail to live within their total water budget.

“It will be up to the local urban water suppliers to determine how to meet these aggregate water budgets,” Bolland said.

So if the 55-gallon limit is not really a limit, and nobody even knows if it’s being met, what good is it?

Environmental groups supported the 55-gallon target as a public education tool.

“I think the reason the number is important is because it does provide a barometer against which to measure water usage,” said Sara Aminzadeh, executive director of the [California Coastkeeper Alliance](#). “There’s a public awareness benefit. But I still would say the legislation is somewhat of a missed opportunity to make some deeper water conservation and efficiency gains.”

One reason, she said, is that 55 gallons is probably too generous.

During California’s recent five-year drought, a number of cities reduced total residential water consumption well below 55 gallons per person per day. And that included landscape irrigation. Examples include San Francisco and Santa Cruz. Granted, these are coastal cities with mild climates, well-established water conservation campaigns and receptive citizens.

But per person indoor water use, by itself, probably doesn’t vary much across the state. Everyone needs more or less the same amount of water for bathing, cooking and cleaning. This is especially true with the broad adoption of water-efficient appliances and fixtures.

What does vary a lot is outdoor water use, because it depends on individual landscaping choices and local microclimate.

“We feel that [55 gallons] is a standard that 90 percent of water suppliers are likely already meeting,” Aminzadeh said. “I don’t want to diminish the benefit of this legislation. It’s great to see permanent water conservation legislation. But at the same time, I’m looking at a climate emergency around water scarcity issues, and really asking: Did we go far enough, and could we go further?”

The new legislation does require the target to be ratcheted downward, to 52.5 gallons in 2025, then 50 gallons in 2030. It also requires the state’s Department of Water Resources and Water Resources Control Board to analyze progress on indoor water conservation, and report back to the legislature in 2021 with any recommendations to shrink the standard. So, if progress indicates the target should be lower, there’s a process to make it happen.

Another issue overlooked in the excitement about the 55-gallon target is the fact that water budgets create a new record-keeping headache for water utilities. This is one reason the Association of California Water Agencies and a number of individual water utilities opposed the legislation. They support continued conservation progress, Bolland said, but they don’t want the state telling them how to conserve water, because every region has unique conservation priorities.

For the [San Diego County Water Authority](#), which opposed the legislation, one priority is economic growth. Dana Frieauf, the utility's water resources manager, said her agency was concerned draconian conservation rules handed down by the state could discourage commercial and industrial businesses from locating in the area.

She said the aggregated water budgets, rather than a strict indoor or commercial requirement, give water agencies the flexibility they need to comply. But it still won't be easy, she said.

"We wanted to make sure whatever this objective is, it doesn't harm the continued economic growth within our region," she said. "It's up to the water agency to decide how they want to achieve the savings. They could decide they want to achieve all the savings outdoors. It just depends."

WESTERN WATER

Dry wells, sinking land and fears of a global food crisis

[Jeremy P. Jacobs](#), E&E News reporter Greenwire: Monday, **June 25, 2018**



The Friant-Kern Canal flows beside an orange grove in Tulare County, Calif. The canal carries water from Friant Dam on the San Joaquin River through the San Joaquin Valley in central California. Don Barrett/Flickr

This article was updated June 26 at 11:46 a.m. EDT.

TULARE COUNTY, Calif. — The bottom is falling out of America's most productive farmland.

Literally.

Swaths of the San Joaquin Valley have sunk 28 feet — nearly three stories — since the 1920s, and some areas have dropped almost 3 feet in the past two years.

Blame it on farmers' relentless groundwater pumping. The plunder of California's aquifers is a budding environmental catastrophe that scientists warn might spark a worldwide food crisis.

"This is not sustainable," said Jay Famiglietti, a senior water scientist at NASA's Jet Propulsion Laboratory. "If those aquifers continue to be depleted and if we start running out of water in these big aquifer systems, the global food system is going into meltdown mode."

Hidden from view, groundwater accounts for 30 to 60 percent of the water that Californians use every year, depending on how much rain and snow the state receives.

The invention of the centrifugal pump after World War I made industrial agriculture possible in the state's mostly arid Central Valley, which produces a third of America's vegetables and two-thirds of its fruits and nuts.

But groundwater has never been carefully managed, experts say. Aquifers, they say, should be buffers and a backstop in California's drought-and-deluge climate.

Scientists use a banking analogy to explain groundwater's role: Surface water from rain and melted snowpack should be the state's checking account, and groundwater its savings, used only when absolutely necessary.

"The way we have been using groundwater, we are not doing that," said Tara Moran of the Stanford University Woods Institute for the Environment. "We're not letting the savings account build back up in wet periods."

From 1960 to 2016, California pumped about 80 million acre-feet more than what was naturally replenished. An acre-foot is 326,000 gallons — about what two Los Angeles families use in a year.

It would take the District of Columbia 700 years to use 80 million acre-feet of water, according to Helen Dahlke, a leading researcher on the topic at the University of California, Davis.

Since the 1920s, California has pumped between 150 million to 160 million acre-feet that haven't been replenished.

That pumping and the resulting sinking of the San Joaquin Valley is "one of the single largest alterations of the [planet's] land surface attributed to humankind," the U.S. Geological Survey has concluded.

For decades, California did not monitor or record groundwater pumping and levels. A first-of-its-kind NASA study last month used satellites to determine how much fresh water is being lost around the globe, including from groundwater aquifers.

It found Southern California racked up a water deficit of about 45 gigatons from April 2002 to April 2015 through excessive groundwater pumping and dry weather — an average of about 4.2 gigatons per year. A gigaton is enough to fill 400,000 Olympic-size swimming pools.

Forty-five gigatons would fill Lake Mead, the country's largest reservoir, almost 1 ½ times.

"It's an intense rate of depletion," said Matthew Rodell, an author of the NASA study. "It's a disturbing trend."

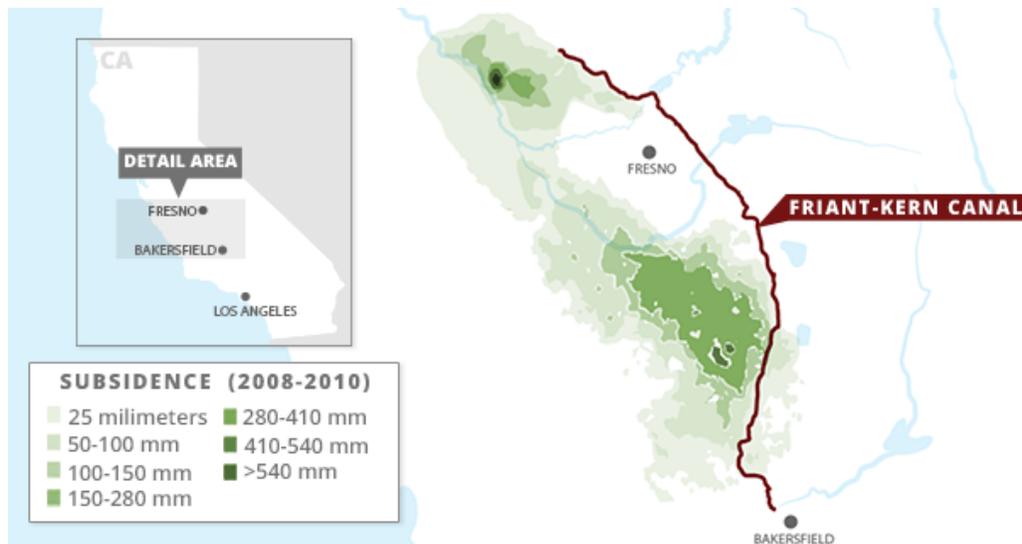
And it has devastating environmental impacts. Because groundwater feeds rivers, depleted aquifers then decimate aquatic ecosystems and habitat for endangered species.

It also hits people hard. During California's recent drought, hundreds of private wells in the San Joaquin Valley town of East Porterville went dry, leaving rural homeowners with no water as industrial agriculture spent millions of dollars to drill deeper wells. Recent research further suggests the pumping has led to water contaminated with higher concentrations of arsenic and other carcinogens.

Depleted aquifers also allow salt water to creep inland, rendering high value cropland — such as the Salinas Valley near Monterey — useless. And winds whipping across dried landscapes fill the sky with toxic dust.

The groundwater disaster isn't confined to California. The NASA study found rapid groundwater use in other heavily irrigated farming areas, such as northern India and northern China. Rodell and Famiglietti concluded it is among the most pressing environmental issues facing the world.

"[T]he key environmental challenge of the 21st century may be the globally sustainable management of water resources," they wrote.



Claudine Hellmuth/E&E News; Data: U.S. Geological Survey

'A huge amount of uncertainty'

California legislators stepped up to try to curb groundwater use, passing the Sustainable Groundwater Management Act (SGMA) in 2014, the state's first attempt at regulating groundwater use.

The law tries to address six major "sins": water table decline, degraded water quality, land subsidence, surface water depletion, reduction in groundwater storage and seawater intrusion.

The law identifies 127 medium- or high-priority basins that account for 96 percent of the state's groundwater use and most of its overlying population. (In total, there are 517 groundwater basins and subbasins in the state.)

Of those, 21 basins are considered critically overdrawn, which the law defines as "present water management practices [that] would probably result in significant adverse overdraft-related environmental, social, or economic impacts."

The law gives overseers of those basins 20 years to achieve sustainability beginning in January 2020. But regulators are seeking to develop draft plans by the middle of next year.

And there are major questions and challenges ahead in those basins.

To get political support for getting the bill passed, its sponsors compromised, leaving basin plans to local managers and new entities called groundwater sustainability agencies, or GSAs. If their plans are insufficient, the state is the backstop. It can step in and require changes, but that would likely extend the timeline until meaningful reforms are implemented.

There's a wide variation in the number and expertise of those agencies. A Stanford University study found many basins have multiple GSAs. A basin in the eastern San Joaquin Valley, for example, has nearly 20.

All GSAs in a basin must come to agreement on the groundwater sustainability plan, or GSP, submitted to the state. Some are still squabbling over what methodologies and data to use, creating what experts expect to be a breeding ground for litigation.

And there are concerns that despite provisions aimed at protecting poor communities that rely on groundwater, big agricultural companies are controlling the process. Those worries have come to a boil in the Cuyama Valley, an isolated swath of central California that's home to one of the country's largest carrot growers, as well as many poor people.

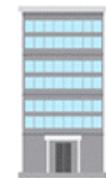
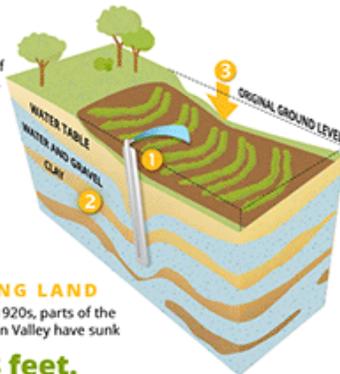
The valley depends entirely on groundwater. Its basin is critically overdrawn, it receives about a dozen inches of rain a year or less, and Harvard University's endowment fund recently planted an 850-acre vineyard there.

"There is a huge amount of uncertainty around SGMA," said Christina Babbitt of the Environmental Defense Fund.

SAN JOAQUIN VALLEY LAND SUBSIDENCE

WHAT HAPPENS

- 1 For irrigation, farmers drill through a thick layer of clay to reach deep aquifers of water and gravel.
- 2 Pumping sucks water out of the small spaces between gravel particles, causing them to compact.
- 3 Heavy land above sinks.



SINKING LAND

Since the 1920s, parts of the San Joaquin Valley have sunk

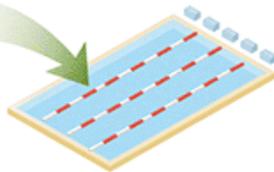
28 feet.

That's almost equal to a **three-story building.**

HOW MUCH WATER

Southern California has averaged a water deficit of about 4 gigatons of water per year since 2002 due to groundwater pumping and changes in precipitation.

One gigaton of water would fill **400,000** Olympic-size swimming pools.



AFFECTED AREAS

Half of California's critically overdrafted groundwater basins are in the San Joaquin Valley.

21 IN CALIFORNIA TOTAL
11 IN THE SAN JOAQUIN VALLEY

Source: California Department of Water Resources

Famiglietti, a major proponent of the bill, still cautioned that "sustainable" is a "misnomer."

"Most people [are] thinking of sustainable, or sustainability, as not using more water than is available on a yearly basis," he said. "That's never going to happen in California. What we are going to have is managed depletion."

Nowhere are these issues more apparent than the San Joaquin Valley, ground zero for SGMA implementation.

The valley accounts for half of California's food production, but to grow those crops, farmers pull nearly 2 million acre-feet more water out of the ground than is replenished per year — a massive overdraft that some experts think will increase in the coming years.

Eleven of the state's 21 critically overdrawn groundwater basins are in the valley, which has lost 95 percent of its natural wetlands.

While many aspects of groundwater management are complicated — how to measure it, how water moves underground, how to define basins, how to obtain accurate private well data — SGMA solutions are straightforward: Either find a way to recharge more water into the basin's aquifer to raise the water table or use less of it.

Reducing groundwater use in the San Joaquin Valley will have major financial impacts. Some water districts have suggested that a quarter of irrigated land or more will need to be fallowed, some 700,000 acres — more than 1,000 square miles.

Claudine Hellmuth/E&E News (infographic and diagram); Freepik.com (pool and building icons); Data: California Department of Water Resources/NASA/USGS

That has led many to focus on recharge, figuring out ways to put surplus water in wet years back into groundwater aquifers.

But to do that, arid areas here in the southern San Joaquin Valley must be able to get that water from the wet north. And subsidence affects that, as well; it has caused significant damage to crucial infrastructure that can move that water.

"The conveyance capacity is a bottleneck for recharge," said Ellen Hanak of the nonpartisan Public Policy Institute of California (PPIC), who has written extensively about the San Joaquin Valley.

NASA's Rodell said most of the world has yet to attempt to tackle the groundwater depletion problem as California did with SGMA. The law is driving innovative water management techniques, including groundwater trading.

"People," he said, "will be watching to see if it works or not."



Doug DeFlicht operates the Friant Water Authority that delivers water from the Bureau of Reclamation's Central Valley Project to San Joaquin Valley farmers. Jeremy P. Jacobs/E&E News

'Make-or-break times'

Doug DeFlicht knows a lot about groundwater depletion.

He operates the Friant Water Authority, delivering water from the Bureau of Reclamation's Central Valley Project that was built in the 1930s and '40s because farmers in the San Joaquin Valley were rapidly depleting their aquifers.

The plan was to capture excess stormwater and runoff from the Sierra Nevada near Fresno behind the 319-foot Friant Dam, which was completed in 1942.

Water then was sent down two canals, the 152-mile Friant-Kern and 36-mile Madera, to farms as far south as Bakersfield to supplement their water supplies and reduce the reliance on groundwater.

DeFlicht, 47, said there are parallels between then and now.

"This problem has gotten so bad that we have to do something about it," he said. "And that's what happened before they built the Friant-Kern Canal."

But the canal only partially accomplished the objective of balancing groundwater use. The Friant Water Authority — which represents the majority of Friant Division water users and maintains and operates the Friant-Kern Canal — says that for 50 years, its users maintained a stable surface and groundwater supply.

Not all the farms near the canal are hooked into the system. And those that weren't continued to pump groundwater at a breakneck pace.

Subsidence continued. By the 1970s, the Friant-Kern Canal's capacity was significantly diminished, leading to millions of dollars in upgrades completed in 1979.

Again, that didn't solve the problem. Farmers' pumping went on, and so did the sinking.

Now it's damaged again.

Sixty percent of the water that the canal was designed to move can't get there. It runs straight into bridges. Or it laps up over the sides of the canals.

"There used to be a decent amount of freeboard under these bridge piers," DeFlitch said on a recent spring afternoon. "We now have to run right up to them."

It's worst between miles 100 and 110 going south, where DeFlitch points to a lowered bridge. The gravity-fed canal is about 20 feet deep. But because of subsidence, there's a "bowl" in the bottom of it where water gets stuck.

Combined with the sinking bridges, that bowl reduces the canal's capacity. It was built to stream about 3,300 to 3,500 cubic feet of water per second (cfs). Last year, the water authority commissioned a study that said it could still convey up to 1,900 cfs.

DeFlitch said that day they had ratcheted up the water to about that rate.

He pointed to a water mark on the bottom of the bridge.

"We've hit up and have started to come back down," he said. They were now running the canal at about 1,800 cfs, evidence the subsidence has continued since the study was finished last year.

It will take \$300 million to \$500 million for the fixes DeFlitch believes are needed. That money and more — up to \$750 million — could come from a water bond measure on the November ballot.

DeFlitch hopes SGMA will end the cycle of groundwater depletion, subsidence and costly repairs by stabilizing the water table.

"We are in make-or-break times," DeFlitch said. "There is marked change that needs to happen, or it just never works again."



Edwin Camp's family has been growing almonds, grapes, tangerines and other crops in Kern County, Calif., for 80 years. He is seen here in a field of new stock almond trees. Jeremy P. Jacobs/E&E News

'Time is our enemy'

Edwin Camp obsessively tracks how much water makes it down the Friant-Kern Canal every day.

Camp's family has been growing almonds, grapes, tangerines and other crops in Kern County near Bakersfield for 80 years. He is also president of the Arvin-Edison Water Storage District, one of the county's recharge facilities.

The district opened in 1942, then joined DeFlicht's Friant Division in the 1950s when groundwater levels "started tanking."

Arvin-Edison serves about 150,000 acres of cropland. It operates in two ways that both depend on water deliveries from the Friant-Kern Canal.

It takes surface water transported by the canal and delivers it directly to farmers so they don't pump groundwater, a so-called in lieu program.

And in wet years, it spreads water from the canal over percolation basins, where water can seep down and replenish the aquifer.

Camp, 61, a large guy with a gray goatee, said their "very existence" depends on the canal's deliveries. Before it was damaged, the program successfully maintained groundwater levels in the district for years. But it is now severely compromised by subsidence along the canal.

"It's what we've been doing for a long time," he said in an interview in his office. "That's why the subsidence issue is so hard-hitting to us. Not having those wet-year supplies in the amount you count on is devastating."

Recent research suggests that California's boom-and-bust rain cycles may get more extreme, exacerbating the swings between intensely wet years and lengthy droughts.

From October 2016 to September 2017, the state's wet weather allowed the San Joaquin Valley to recharge about 10 million acre-feet, bringing it into a positive groundwater balance for the first time since 2011, according to research from the nonpartisan PPIC.

But those types of years are growing scarce.

"People have been actively recharging, and that is increasing," PPIC's Hanak said. "But unless our weather changes dramatically, we don't get a lot of those really wet years."

Hanak said that on average about 500,000 acre-feet of water will be available to recharge in the valley after factors including environmental considerations are taken into account.

That's not enough to offset the valley's overdraft. It might account for only about a quarter of the overdraft valleywide.

And in order to do that, the water has to get from the wet north to the drier south, where most of the valley's recharge facilities — like Camp's — are located.

Some farming interests and their allies in Congress have pushed for building a new dam to increase surface water capture and deliveries to the area. They have pushed for years to build the Temperance Flat Dam, a 665-foot impoundment that would feed water into the northern end of the Friant-Kern Canal.

The dam would cost \$2.6 billion and store 1.3 million acre-feet of water. But critics say it would increase deliveries by less than 100,000 acre-feet per year.

DeFlicht, who also supports building Temperance Flat, noted that during the wet 2017, subsidence alone prevented the canal from delivering 300,000 acre-feet.

Camp said the biggest problem is uncertainty. His basin has yet to agree on many of the underlying methodologies needed to comply with SGMA, leading to political and potentially legal conflicts.

"We're all concerned," he said. "You are trying to make future plans with information you don't know today."

When asked how SGMA will directly affect Arvin-Edison's and his operations and whether a concrete plan would be in place by the 2020 deadline, Camp demurred.

"I wish we knew," he said. "Time is our enemy right now."

The eye-popping definition of what is “low income” in the Bay Area increases again

By [Annie Sciacca](#) | asciacca@bayareanewsgroup.com | Bay Area News Group
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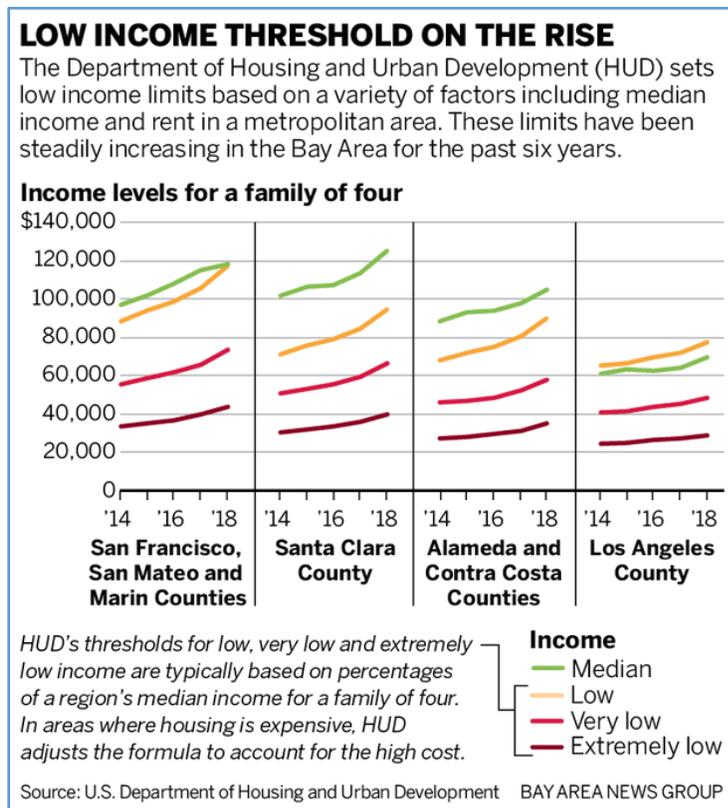
In a region where even people with six-figure incomes struggle to find a place to live, the threshold for who qualifies as “low income” just keeps going up.

Reflecting the Bay Area’s relentless rise in housing costs, the U.S. Department of Housing and Urban Development’s latest definition of the “low” income level to qualify for certain affordable housing programs stands at \$117,400 per year for a household of four people in San Francisco, Marin and San Mateo counties.

That’s up more than 10 percent from last year and is the highest in the nation.

Households in those three counties that are considered “very low” income bring in as much as \$73,300 per year and the threshold for “extremely low” for a family of four is \$44,000, according to HUD’s recently released 2018 limits. The median family income for those areas is \$118,400, according to HUD.

Santa Clara County is close behind. There, a household of four bringing in \$94,450 is now considered low income under the HUD guidelines, and for Alameda and Contra Costa counties, \$89,600 is the low-income threshold.



The federal income limits, which set a threshold that determines who can qualify for affordable and subsidized housing programs such as Section 8 vouchers, have risen for at least the last four consecutive years.

But they’re still not keeping pace with the price of housing in some areas. The median price of resale homes has increased 25 percent in the past year in Santa Clara County, 11.8 percent in Alameda and 10 percent in Contra Costa. In May, the median price for a single family home in the Bay Area reached a record \$935,000, according to real estate data firm Core Logic.

“It just demonstrates how broken and unsustainable our housing market is,” said Amie Fishman, executive director

of the Non-profit Housing Association of Northern California. “More and more people are unable to afford housing.”

At his job as a third-grade bilingual education teacher at Lincoln Elementary, Richmond resident Jesus Galindo makes roughly \$60,000 per year. The “low income” threshold for a single person in Contra Costa County by HUD guidelines is \$62,750.

In many respects, Galindo feels well-off financially. He bought a house in Richmond about three years ago, he said, on which he estimates he spends 33 percent of his income each month. He lives within walking distance of the school where he teaches, so his transportation costs are minimal and he rarely shops for clothes or splurges on any luxuries. But that does not mean he’s not immune to the financial concerns shared by many in the Bay Area.

He knows what it’s like to live with much less. He moved around the state growing up, as his father struggled sometimes to make even \$15,000 in a year in his job as a day laborer and moved the family to find places they could afford.

His parents currently live in Los Banos, which is having its own affordability issues as more people move there, Galindo said, but the idea that his parents cannot afford to live in the Bay Area is difficult.

“For someone who loves the Bay Area, and loves Richmond,” he said, “that breaks my heart.”

Galindo wonders whether he will ever be able to afford having his own family.

“Raising a family in the Bay Area is very expensive,” said Galindo, whose partner is also a teacher. “Even though I own my home, babysitting is expensive, the cost of food is expensive.”

And he sees the impact of the Bay Area’s rising rents on both his teacher colleagues and the families of students he teaches.

“The families I work with in Richmond ... they can’t afford to live here anymore, they’re pushed out,” he said.

The 2018 HUD increases broaden the pool of people eligible for some federal housing programs or subsidies, but they’re unlikely to make much difference in a region already suffering from a shortage of affordable housing.

Michael Santero, director of asset management for San Jose-based nonprofit affordable housing developer and manager First Community Housing, said waitlists are often years-long and turnover is low.

According to HUD, low-income families are defined as families whose incomes do not exceed 80 percent of the median family income for the area. Very low-income families are defined as those whose incomes do not exceed 50 percent of the median. But to accommodate high-housing cost areas like the Bay Area, the limits are adjusted in a way that exceed those percentages.

Santero said that while most of the First Community Housing properties house families whose incomes are below 60 percent of the median, he’s not surprised to see that people at the 90 percent level are in need of affordable housing, considering the price of market rents in the Bay Area, which average between \$2,500 and \$3,500 locally, according to a recent RentCafe study.

One in three households in California — about 3.3 million families — are struggling to reach a decent standard of living, even though most of those households include full-time workers, according to United Ways of California.

In a recently released report, the nonprofit coalition said its measure for a decent standard of living included the cost of housing, childcare, transportation, healthcare and food. Families below the federal poverty level spend as much as 79 percent of their income on their homes, according to the report.



SAN FRANCISCO, CA – APRIL 21: A sign is posted in front of an apartment building on April 21, 2015 in San Francisco, California. According to a report by Forbes magazine, San Francisco, Oakland and San Jose top the list of worst places in the nation for renters. (Photo by Justin Sullivan/Getty Images)

The Bay Area's HUD income limits outstrip Los Angeles, where the HUD-determined low-income threshold for a family of four is \$77,500, and New York City, notorious for its high costs of housing, where the limit for the same size household is \$83,450.

“California needs 1 million more units of affordable housing for people at the very low and extremely low (income limits) — those struggling the most,” said Fishman.

While some argue that simply producing more housing at market-rate levels will alleviate the crunch, Fishman said a more active approach is required.

“The market will never produce homes for people at that level,” she said. “The market produces housing for those at the top.”

While she hopes a state bond that will be on the ballot this November to allocate more funds for affordable housing will help, she said the next California governor is going to have to take this issue “head on.”

The increase of HUD's income limits, Fishman said, is “exactly the indicator of how broken the market is, how unsustainable it is, and how the affordability crisis has gone up the income scale.”

After back-and-forth, Measure I prevails in Martinez by 103 votes

By [Nate Gartrell](#) | ngartrell@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: June 25, 2018 at 3:45 pm | UPDATED: **June 25, 2018** at 4:15 pm

MARTINEZ — A measure that requires voter approval to make changes to any open space, park or outdoor recreation lands barely eked out a victory over a competing measure, according to election results released Friday.

Measure I, a citizens' initiative, beat Measure F — a similar city measure, except it wouldn't have applied to private lands — by 103 votes, 5,452 to 5,349. The results took three weeks to come in as Contra Costa County staff and volunteers counted roughly 70,000 mail-in votes that arrived at the final hour.

Both measures received a majority of votes, with Measure I at 51.89 percent and Measure F at 50.51 percent. Measure I won by getting the more votes of the two. County election officials say they have received no requests for a recount.

“It's been a hectic four weeks and we've been sitting on the edge of our seats,” said Tim Platt, a vocal proponent of Measure I.

He called the results a “big win” for Martinez and added, “right now we need to celebrate the voters' decision to protect these very, very special lands for us, our children and our town.”

Measure F proponents argued that Measure I would take away landowners' rights to use private, open space land for any other purpose and impede their ability to sell. Supporters of Measure I argued the public deserved to vote on any approved change to public or private open space land.

Measure I would give voters final say on these council open-space decisions. The council's Measure F would only require a public vote for lifting open space designations for public land.

Both measures were created during a months-long debate over a proposed residential development on 27 acres of private land at the former Pine Meadow Golf Course, which was designated open space/recreational in city documents for about 40 years. The City Council changed its designated use, and approved DeNova Homes' plan for residential housing on the property last year. It has led to multiple lawsuits.

“This victory tells everyone how important these lands are for all of us, for our children and for our town,” Platt said in a written statement to this newspaper.

East Bay Times

Proposed North Richmond annexation means more services, higher taxes



A woman walks past a faded mural on a building on Third Street near Chesley Avenue in North Richmond, Calif., on Monday, March 31, 2014. North Richmond residents have voiced their opposition to efforts by the city to annex the 1.5 square mile enclave of about 3,700 people. (Kristopher Skinner/Bay Area News Group)

By [Ali Tadayon](#) | atadayon@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: June 26, 2018 at 7:31 am | UPDATED: **June 26, 2018** at 7:33 am

RICHMOND — North Richmond, a 1.5-square-mile unincorporated pocket surrounded by Richmond, could be annexed into the city — if its residents are OK with that.

Annexation would mean access to city programs such as rent control, more direct political representation and possibly more public safety for North Richmond residents, but that would come at a cost. Annual property taxes would rise by \$140 per \$100,000 of a home's assessed value.

City and county officials want North Richmond residents to decide for themselves whether the benefits are worth paying higher taxes.

People who have attended informational public meetings led by city and Contra Costa County liaisons still seem relatively split on annexation, with slightly more people opposing it, county Supervisor John Gioia said in an interview.

The informational meetings will continue, and the city will tally results from a mailer with a ballot to return asking whether people want annexation. The results will help Richmond officials decide whether to continue the annexation process through the Contra Costa County Local Agency Formation Commission — a regional agency that oversees annexations.

About 3,700 people live in the 1.5 square-mile area pocketed between Chelsea Avenue, Parr Boulevard, Garden Tract Road and a Union Pacific rail line parallel to Giant Road. It is completely surrounded by incorporated Richmond.

The enclave is the result of World War II-era housing restrictions that barred African-Americans from buying homes in Richmond.

About 18 people attended one of the meetings Thursday night at Shields Reid Community Center. Most were opposed to — or at the least skeptical of — annexation.

Rarain “Ray” Thomas, 42, who attended the meeting, thinks a spike in taxes will drive longtime residents out, and gentrification will ensue. A study authorized by the North Richmond Municipal Advisory Council said North Richmond residents’ property taxes would rise 0.14 percent if the area were annexed, adding \$140 per \$100,000 of a home’s assessed value to a homeowner’s annual property tax.

If a home had an assessed value of \$300,000, property taxes would increase by \$420 a year. About two-thirds of the area’s houses were built before 1969 and many are valued at \$250,000 or less, the report said.

The increase may break the bank for many North Richmond residents who live on fixed incomes, Thomas said. Thomas does not live on a fixed income, but would still feel the pain of the tax increases, he said.

“It’s a detriment to homeowners like myself. Our taxes would be raised, which many of us are struggling to pay now,” he said in an interview.

Yet only about 27 percent of the homes in North Richmond are owner-occupied, the study said. Renters could benefit from the city’s rent control ordinance if the community is annexed; no rent control ordinances currently apply to North Richmond.

North Richmond residents would also have better access to government if annexation were to occur, the study said. The closest government hub would be a few miles away at Richmond City Hall, as opposed to the county seat almost 20 miles away in Martinez.

Thomas moved to the area in 2010 from Oakland, where he grew up, and watched many people be driven out of that city as housing costs soared, he said. He fears North Richmond residents will have the same fate, and said he thinks the plethora of undeveloped land in the area is what’s enticing to Richmond city officials.

“For the residents who have been here for 20, 30 years, this is a hidden gem, this is it, and I want it to remain a hidden gem,” Thomas said.

Gioia said he believes gentrification in Richmond and surrounding west Contra Costa County areas is a larger issue that should be dealt with at a regional level. Annexation will not spur development, he said; the state of the local real estate market is what’s doing that.

Sabrina Smith bought a house in North Richmond in February after renting in the city of Richmond for years. When rent at her apartment neared \$3,000, she and her family moved out. She worries that if she can’t afford to pay her taxes, she may have to leave the Bay Area.

“Where would I go? Everywhere’s so expensive in the Bay Area, they’re driving people of color like us out,” she said in an interview.

In addition to the property tax increase, Richmond has a higher sales tax, 9.25 percent, than the county, at 8.25 percent. Utility taxes would be 5 to 10 percent higher for North Richmond residents under annexation.

Gioia said the majority of North Richmond residents still don’t know much about the annexation proposal and what it means.

He himself supports the effort, though he wants his constituents to decide for themselves whether they think it’s a good or bad idea. The clearest benefit of annexation, he said, is more effective policing.

The Contra Costa County Sheriff’s Department currently serves North Richmond, though it is surrounded by the Richmond Police Department’s jurisdiction. In many instances, it would be more efficient for a Richmond police officer to respond to an emergency call. Richmond police’s crime prevention programs would also be implemented in the area, which has been hit hard by crime and gang violence.

Smith said she is satisfied with the sheriff’s department’s service. Her daughter recently had to call during an emergency and deputies arrived quickly, she said.

From 2010 to 2014, 19 people were killed in North Richmond, but charges were only filed in five cases. The clearance rate for homicides in Richmond is much higher, the study said.

“In my role as a representative for that community, I believe that long-term, it is better having one police agency serving North Richmond than two,” Gioia said. “That, over time, hopefully means better public safety. But I also appreciate that there are people who are unable to pay increased taxes today to get that benefit. This is not an easy issue; if it were, (annexation) would have happened by now.”



Published June 27th, 2018

MOFD projects a strong fiscal year ahead

By *Nick Marnell*

The Moraga-Orinda Fire District board approved the 2018-19 district budget at its June 20 meeting, and continuing along the same healthy financial track as many Lamorinda public agencies, MOFD projects a general fund balance of \$5.9 million, the highest number in its history. The projected general fund balance of 24 percent of 2018-19 general fund revenue exceeds the 17 percent board policy, though the district goal is to achieve a 50 percent reserve.

The most controversial budget item was the funding of the district retiree health care and pension stabilization trusts. The district set up the two trust funds in order to mitigate the fluctuations of payments demanded by its pension fund manager, the Contra Costa County Employees Retirement Association.

In 2018, each trust was funded at \$374,000. For 2019, the board recommended a funding increase in the retiree health care trust to \$440,000 and in the pension stabilization fund to \$1.1 million. The strategy was vilified by the firefighters and Director Kathleen Famulener, who questioned the timing of the increased expenditure with labor negotiations ongoing. The district contract with its firefighters expires on June 30. Fire Chief Dave Winnacker stressed at the meeting that the \$1.5 million, though budgeted, will not be immediately transferred into the trust funds. "This projection is tentative," the chief said. "The actual amount of the transfer will be determined by a later board action, and the transfer of funds may only occur after the board makes that determination."

The basic numbers read this way: general fund revenue up 8.7 percent to \$24.6 million, primarily due to a 6.1 percent projected increase in property tax revenue. General fund expenses are projected to rise 7 percent to \$23.4 million.

The district also expects to complete the construction of Fire Station 43 in north Orinda in the next fiscal year.

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Lafayette council sets special session on proposed 315-apartment plan



A proposed housing development site along Deer Hill Road is photographed on Wednesday, March 7, 2018 in Lafayette, Calif. (Aric Crabb/Bay Area News Group)

By [Jon Kawamoto](#) | jkawamoto@bayareanewsgroup.com | Bay Area News Group

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LAFAYETTE — The Lafayette City Council has scheduled a special meeting next week in light of the developer’s intent to resubmit plans for up to 315 apartments on the Deer Hill site north of Highway 24.

At Monday’s joint City Council and Planning Commission meeting, Councilman Ivor Samson raised the issue of discussing the Terraces project soon. The meeting is scheduled at 5 p.m. Tuesday, according to the city’s website.

The apartment project was put on hold in 2014, when the city and developer negotiated a plan to scale back the project to 44 houses on the 22-acre site. That housing plan, known as Measure L, was defeated by Lafayette residents in June.

On June 15, in a letter sent to the city, developer O’Brien Land Company of Menlo Park and Anna Maria Dettmer, trustee of the AMD Family Trust that owns the property at 3233 Deer Hill Road, asked that Lafayette “immediately resume processing of the apartment project and all of its applications.”

The environmental impact report and the project application for the apartment project have been completed, but the Terraces plan has not been approved by the city.