



Lou Ann Texeira
Executive Officer

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

ALTERNATE MEMBERS

- | |
|---|
| Diane Burgis
<i>County Member</i> |
| Stanley Caldwell
<i>Special District Member</i> |
| Charles R. Lewis, IV
<i>Public Member</i> |
| Sean Wright
<i>City Member</i> |

July 10, 2019
Agenda Item 13

July 10, 2019

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

**2nd Round “City Services” Municipal Services Review and
Sphere of Influence Updates**

Dear Members of the Commission:

On June 12, 2019, the Commission accepted the Final 2nd round “City Services” Municipal Services Review (MSR) and updated the sphere of influence (SOI) for each city and district covered in the MSR report. Following the Commission’s action, LAFCO staff notified each subject agency of the Commission’s approval and provided each agency with a copy of their adopted MSR/SOI resolution.

In response, the cities of Hercules and Pinole and the Town of Discovery Bay Community Services District (DBCSD) notified LAFCO staff of errors in their resolutions. While these agencies’ comments/edits were included in the Final MSR report, some of their comments were inadvertently missed in the LAFCO resolutions. In response to these concerns, LAFCO staff recommends adopting the attached revised resolutions for the cities of Hercules and Pinole and the DBCSD.

RECOMMENDATION: Adopt the revised MSR/SOI resolutions for the cities of Hercules and Pinole and the DBCSD.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

- Attachment 1 – Revised MSR/SOI Resolution – City of Hercules
- Attachment 2 – Revised MSR/SOI Resolution – City of Pinole
- Attachment 3 – Revised MSR/SOI Resolution – DBCSD

- c: Michelle Fitzer, City Manager, City of Pinole
- David Biggs, City Manager, City of Hercules
- Michael Davies, General Manager, Town of Discovery Bay Community Services District

**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION
COMMISSION ADOPTING MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE
DETERMINATIONS FOR THE CITY OF HERCULES - REVISED**

WHEREAS, the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code §56000 et seq.) provides that a Local Agency Formation Commission (LAFCO) shall adopt Spheres of Influence (SOIs) for each local governmental agency within its jurisdiction [§56425(a)] and that it must update each SOI every five years, as necessary (§56425(g)); and

WHEREAS, the SOI is the primary planning tool for LAFCO and defines the probable physical boundary and service area of a local agency as determined by LAFCO; and

WHEREAS, §56430 requires that in order to prepare and to update SOIs, the Commission shall conduct a Municipal Service Review (MSR) prior to or in conjunction with the SOI update; and

WHEREAS, the Commission has undertaken its 2nd round “*City Services*” MSR covering all 19 cities and four community services districts (CSDs) including Crockett CSD, Diablo CSD, Discovery Bay CSD and Kensington CSD; and

WHEREAS, this MSR, as prepared by Lamphier-Gregory and Berkson Associates consultants to LAFCO, covers the following services: animal control, broadband, building/planning, law enforcement, library, lighting, parks & recreation, solid waste, streets/roads, stormwater, and utilities (gas, electric/community choice); and

WHEREAS, this MSR focuses on: 1) updating profile data including growth/population, jobs/ housing, finances (expenses, revenues, debt, reserves, related fiscal indicators), and staffing; 2) shared services (i.e., joint powers/joint use agreements, among between public agencies, public-private partnerships); 3) infill development/ sprawl prevention/islands; and 4) agricultural/open space preservation; and

WHEREAS, on April 17, 2019, the Commission held a public hearing to receive an overview of the Public Review Draft MSR, receive public comments, and provide input; and

WHEREAS, on June 12, 2019, the Commission held a public hearing to receive the Final Draft MSR and recommended determinations and SOI updates for all agencies covered in the MSR, including the City of Hercules; and

WHEREAS, at the public hearings, the Commission heard and received all oral and written protests, objections, and evidence, which were made, presented, or filed, and all persons present were given an opportunity to hear and be heard with respect to the MSR and SOI updates; and

WHEREAS, the MSR contains the determinations required by §§56425 and 56430 relative to the SOI update and MSR, respectively, for the City of Hercules as incorporated in this resolution; and

WHEREAS, the proposed action consists of adopting the MSR determinations and updating the SOI for the City of Hercules as presented in the 2nd round “*City Services*” MSR; and

WHEREAS, adoption of the MSR is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA), as MSRs are feasibility and planning studies for possible future actions that have not been approved, adopted, or funded, pursuant to State CEQA Guidelines section 15262; and

WHEREAS, as set forth in State CEQA Guidelines section 15061(b)(3), approval of the SOI update is not subject to CEQA because it can be seen with certainty that there is no possibility that the SOI update will have a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED that Contra Costa LAFCO does hereby adopt the following MSR pursuant to §56430 and SOI determinations pursuant to §56425 for the City of Hercules and retain the existing SOI for the City of Hercules as depicted in Exhibit A (attached):

MUNICIPAL SERVICE REVIEW (MSR) DETERMINATIONS

- 1) *Growth and population projections for the affected area* – According to the 2018 California Department of Finance estimates, the City of Hercules serves 26,317 residents. The Association of Bay Area Governments (ABAG) projects that the City of Hercules will grow at an annual rate of approximately 0.6% to a population of 28,700 between 2010 and 2040. The City is also projected to experience an approximate 0.4% annual growth rate in jobs between 2010 and 2040. Overall, the City’s planning is expected to accommodate the growth projected by ABAG.

The MSR also reviewed jobs/housing, planning for an aging population, and anticipated growth patterns. Regarding jobs/housing, as of 2010, the City of Hercules had a jobs/housing balance of 0.58 which reflects an imbalance (Sources: U.S. Census, ABAG). The City’s 2015-2023 Housing Element identified adequate sites to meet and exceed its 2014-2022 assigned regional housing needs allocation. Regarding planning for an aging population, the City did not report any programs/services serving adults age 50+. Regarding anticipated growth patterns, there are two planned Priority Development Areas in the City – Central Hercules (Transit Neighborhood) and Waterfront District (Transit Town Center), both of which will add housing to the city. Also, there are two Priority Conservation Areas within the City. The City reported one undeveloped parcel (Parcel C – Muir Pointe) which includes development of 144 single family housing unit. The City reported several other development projects (dwelling units and commercial space). The City does not anticipate the current or projected growth patterns will expand beyond its existing municipal boundary and SOI.

- 2) *The location and characteristics of any Disadvantaged Unincorporated Communities (DUCs) within or contiguous to the SOI* – According to the American Community Survey 5-Year Estimates (2013-2017), there are no disadvantaged communities within or contiguous to the City’s SOI or boundary.
- 3) *Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the SOI* – There are no disadvantaged communities within or contiguous to the City’s SOI or boundary.
- 4) *Financial ability of agency to provide services* – In determining the financial ability of the City to provide services, the MSR considered operating general fund and reserve trends; liquidity, debt, and pension liabilities; and timeliness and accuracy of financial reporting. The City of Hercules is experiencing fiscal challenges that may affect its ability to provide services. After operating at a surplus the past few years, the City’s FY 19 budget shows a small ~~is operating at a~~ deficit, ~~for FY 2018-19,~~ which ~~the City expects to eliminate~~ will be addressed using unallocated fund balances, if needed. As with other cities, the City of Hercules faces growing pension and OPEB liabilities; ~~and~~ the City established a Section 115 Trust in FY 2018 ~~has not identified measures, negotiated an employee cost-sharing of 3% of the CalPERS employer rate, and created an OPEB trust which it funded~~ to address these increasing liabilities. The City’ has one enterprise operation – wastewater. Past years show an overall positive change for combined enterprise net position. The City’s most recent CAFR was ~~not~~ issued more than six months after end of the prior fiscal year; and the City reports that the FY 2017-18 audit was done prior to 12/31/18 in a timely manner. The CAFR was audited by an independent CPA and received a clean opinion. The MSR includes recommendations for improving the transparency of the City’s financial reports.
- 5) *Status of, and opportunities for, shared facilities* – The City contracts with other public agencies and private service providers for various services including animal control, broadband, library, solid waste, and utilities; and the City is party to several JPAs. The City did not identify any other shared services, overlapping/ duplication of services, or excess service or facility capacity.
- 6) *Accountability for community service needs, including governmental structure and operational efficiencies* – The City’s website provides information regarding public meetings, services, financial and planning documents, and opportunities for public involvement demonstrating access and accountability.

- 7) *Any other matter related to effective or efficient service delivery, as required by Commission policy* – Contra Costa LAFCO’s local policies provide that MSRs focus on target services including water, sewer, drainage, libraries, roads, parks, health care, broadband (high-speed internet access and use), police, and fire protection. The “*City Services*” MSR excludes review of water, sewer, healthcare and fire services as these services were recently reviewed in 2nd round focused MSRs.

Contra Costa LAFCO recently added broadband services as an MSR focus area. The City does not provide public broadband service and is served by various private cable/ broadband service providers. The East Bay Broadband Consortium’s 2013 East Bay Broadband Report Card noted that the City of Hercules’s internet service providers did not meet the CPUC’s minimum 6 Mbps download and 1.5 Mbps upload standards. The City did not indicate any specific concerns about the ability of the current broadband providers to serve the City.

SPHERE OF INFLUENCE (SOI) DETERMINATIONS

- A. *The present and planned land uses in the area, including agricultural and open-space lands* – The City of Hercules plans for a variety of urban uses within its boundary, representing a continuation of the current mix of uses including industrial, residential, research and development, commercial, and open space. Present and planned land uses are adequate for existing residents as well as future growth and maintaining compatibility with open space uses, as demonstrated in the City’s General Plan (1998).
- B. *The present and probable need for public facilities and services in the area* – There are no anticipated changes in the type of public services and facilities required within the existing SOI for the City of Hercules. The level of demand for these services and facilities, however, will increase commensurate with anticipated population growth over the next five years.
- C. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide* – The present capacity of public facilities in the City of Hercules appears adequate, and the City indicates it will continue to have adequate capacity over the next five years.
- D. *The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency* – All communities of interest within the City’s boundary are included in the SOI. Contra Costa LAFCO has not identified any specific social or economic communities of interest relevant to the City of Hercules.
- E. *The present and probable need for sewers, municipal and industrial water, or structural fire protection services and facilities of any DUC within the existing SOI* – There are no disadvantaged communities within or contiguous to the City’s SOI or boundary, and therefore, no present or probable need for such services.

PASSED AND ADOPTED this 10th day of July 2019.

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Tom Butt, Chair, Contra Costa LAFCO

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

Lou Ann Texeira, Executive Officer

**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION
COMMISSION ADOPTING MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE
DETERMINATIONS FOR THE CITY OF PINOLE - REVISED**

WHEREAS, the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code §56000 et seq.) provides that a Local Agency Formation Commission (LAFCO) shall adopt Spheres of Influence (SOIs) for each local governmental agency within its jurisdiction [§56425(a)] and that it must update each SOI every five years, as necessary (§56425(g)); and

WHEREAS, the SOI is the primary planning tool for LAFCO and defines the probable physical boundary and service area of a local agency as determined by LAFCO; and

WHEREAS, §56430 requires that in order to prepare and to update SOIs, the Commission shall conduct a Municipal Service Review (MSR) prior to or in conjunction with the SOI update; and

WHEREAS, the Commission has undertaken its 2nd round “*City Services*” MSR covering all 19 cities and four community services districts (CSDs) including Crockett CSD, Diablo CSD, Discovery Bay CSD and Kensington CSD; and

WHEREAS, this MSR, as prepared by Lamphier-Gregory and Berkson Associates consultants to LAFCO, covers the following services: animal control, broadband, building/planning, law enforcement, library, lighting, parks & recreation, solid waste, streets/roads, stormwater, and utilities (gas, electric/community choice); and

WHEREAS, this MSR focuses on: 1) updating profile data including growth/population, jobs/ housing, finances (expenses, revenues, debt, reserves, related fiscal indicators), and staffing; 2) shared services (i.e., joint powers/joint use agreements, among between public agencies, public-private partnerships); 3) infill development/sprawl prevention/islands; and 4) agricultural/open space preservation; and

WHEREAS, on April 17, 2019, the Commission held a public hearing to receive an overview of the Public Review Draft MSR, receive public comments, and provide input; and

WHEREAS, on June 12, 2019, the Commission held a public hearing to receive the Final Draft MSR and recommended determinations and SOI updates for all agencies covered in the MSR, including the City of Pinole; and

WHEREAS, at the public hearings, the Commission heard and received all oral and written protests, objections, and evidence, which were made, presented, or filed, and all persons present were given an opportunity to hear and be heard with respect to the MSR and SOI updates; and

WHEREAS, the MSR contains the determinations required by §§56425 and 56430 relative to the SOI update and MSR, respectively, for the City of Pinole as incorporated in this resolution; and

WHEREAS, the proposed action consists of adopting the MSR determinations and updating the SOI for the City of Pinole as presented in the 2nd round “*City Services*” MSR; and

WHEREAS, adoption of the MSR is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA), as MSRs are feasibility and planning studies for possible future actions that have not been approved, adopted, or funded, pursuant to State CEQA Guidelines section 15262; and

WHEREAS, as set forth in State CEQA Guidelines section 15061(b)(3), approval of the SOI update is not subject to CEQA because it can be seen with certainty that there is no possibility that the SOI update will have a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED that Contra Costa LAFCO does hereby adopt the following MSR pursuant to §56430 and SOI determinations pursuant to §56425 for the City of Pinole and retain the existing SOI for the City of Pinole as depicted in Exhibit A (attached):

MUNICIPAL SERVICE REVIEW (MSR) DETERMINATIONS

- 1) *Growth and population projections for the affected area* – According to the 2018 California Department of Finance estimates, the City of Pinole serves 19,236 residents. The Association of Bay Area Governments (ABAG) projects that the City of Pinole will grow at an annual rate of approximately 0.4% to a population of 21,290 between 2010 and 2040. The City is also projected to experience an approximate 0.8% annual growth rate in jobs between 2010 and 2040. Overall, the City’s planning is expected to accommodate the growth projected by ABAG.

The MSR also reviewed jobs/housing, planning for an aging population, and anticipated growth patterns. Regarding jobs/housing, as of 2010, the City of Pinole had a jobs/housing balance of 0.94 which reflects a balance (Sources: U.S. Census, ABAG). The City’s 2015-2023 Housing Element identified adequate sites to meet and exceed its 2014-2022 assigned regional housing needs allocation. Regarding planning for an aging population, the City has a senior center which offers a robust activity and class schedule, and trips and travel for adults age 50+. Regarding anticipated growth patterns, there are two planned Priority Development Areas in the City- “Old Town San Pablo Avenue” and “Appian Way Corridor” both characterized as *Mixed-Use Corridor*. No Priority Conservation Areas were identified within the City. The City reported 1.7 undeveloped entitled residential acres in FY 2017. Several projects were identified as part of projected growth for the City including 13 dwelling units and 143,061 square feet of commercial space. These projects are either approved or in the approval process. The City does not anticipate the current or projected growth patterns will expand beyond its existing municipal boundary and SOI.

- 2) *The location and characteristics of any Disadvantaged Unincorporated Communities (DUCs) within or contiguous to the SOI* – According to the American Community Survey 5-Year Estimates (2013-2017), there is a disadvantaged community within or contiguous to the City’s boundary or SOI.
- 3) *Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the SOI* – The disadvantaged community within or contiguous to the City’s SOI or boundary receives fire, sewer and water services.
- 4) *Financial ability of agency to provide services* – In determining the financial ability of the City to provide services, the MSR considered operating general fund and reserve trends; liquidity, debt, and pension liabilities; and timeliness and accuracy of financial reporting. The City is experiencing fiscal challenges and anticipates moving from a surplus trend to a deficit in its General Fund after FY 2019; this may affect the City’s ability to provide services, particularly in the event of unexpected funding needs. As with other cities, the City of Pinole faces growing pension and OPEB liabilities. [To address these liabilities the City Council approved an IRS Section 115 Irrevocable Pension Trust and has funded over \\$16 million to pay pension obligations through 2036](#) ~~the City has not identified any measures to address these increasing liabilities. However,~~ [†]The City appears to meet its \$5 million plus 10% reserve goal, which will allow the City to maintain services. The City’s sole enterprise activity is its wastewater utility. FY 2016 and FY 2017 show declines in the net value of enterprise assets; however, completion of a Water Pollution Control Plant Upgrade Project anticipated for Spring 2019 should result in a significant increase in net value of enterprise assets. The City’s most recent CAFR was not issued in a timely manner. The CAFR was audited by an independent CPA and received a clean opinion.
- 5) *Status of, and opportunities for, shared facilities* – The City contracts with other public agencies and private service providers for various services including animal control, broadband, library, solid waste, and utilities; and the City is party to several JPAs. The City did not identify any other shared services, overlapping/duplication of services, or excess service or facility capacity.
- 6) *Accountability for community service needs, including governmental structure and operational efficiencies* – The City’s website provides information regarding public meetings, services, financial and planning documents, and opportunities for public involvement demonstrating access and accountability. The City televises City Council and Planning Commission meetings and sends newsletters to residents.

- 7) *Any other matter related to effective or efficient service delivery, as required by Commission policy* – Contra Costa LAFCO’s local policies provide that MSRs focus on target services including water, sewer, drainage, libraries, roads, parks, health care, broadband (high-speed internet access and use), police, and fire protection. The “*City Services*” MSR excludes review of water, sewer, healthcare and fire services as these services were recently reviewed in 2nd round focused MSRs.

Contra Costa LAFCO recently added broadband services as an MSR focus area. The City does not provide public broadband service and is served by various private cable/broadband service providers. The East Bay Broadband Consortium’s 2013 East Bay Broadband Report Card noted that the City of Pinole’s internet service providers meet the CPUC’s minimum 6 Mbps download and 1.5 Mbps upload standards. The City did not indicate any specific concerns about the ability of the current broadband providers to serve the City.

SPHERE OF INFLUENCE (SOI) DETERMINATIONS

- A. *The present and planned land uses in the area, including agricultural and open-space lands* – The City of Pinole plans for a variety of urban uses within its boundary, representing a continuation of the current mix of uses including residential, commercial, retail, mixed use and open space. Present and planned land uses are adequate for existing residents as well as future growth and maintaining compatibility with open space uses, as demonstrated in the City’s General Plan (2010).
- B. *The present and probable need for public facilities and services in the area* – There are no anticipated changes in the type of public services and facilities required within the existing SOI for the City of Pinole. The level of demand for these services and facilities, however, will increase commensurate with anticipated population growth over the next five years.
- C. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide* – The present capacity of public facilities in the City of Pinole appears adequate, and the City indicates it will continue to have adequate capacity over the next five years.
- D. *The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency* – All communities of interest, including Bay View, Montalvin Manor and Tara Hills, are within Pinole’s SOI. Contra Costa LAFCO has not identified any other specific social or economic communities of interest relevant to the City of Pinole.
- E. *The present and probable need for sewers, municipal and industrial water, or structural fire protection services and facilities of any DUC within the existing SOI* – There is a disadvantaged community within or contiguous to the City’s SOI. This area receives fire, sewer and water services.

PASSED AND ADOPTED this 10th day of July 2019.

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Tom Butt, Chair, Contra Costa LAFCO

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

Lou Ann Teixeira, Executive Officer

**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION
COMMISSION ADOPTING MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE DETERMINATIONS FOR THE
TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT - REVISED**

WHEREAS, the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code §56000 et seq.) provides that a Local Agency Formation Commission (LAFCO) shall adopt Spheres of Influence (SOIs) for each local governmental agency within its jurisdiction [§56425(a)] and that it must update each SOI every five years, as necessary (§56425(g)); and

WHEREAS, the SOI is the primary planning tool for LAFCO and defines the probable physical boundary and service area of a local agency as determined by LAFCO; and

WHEREAS, §56430 requires that in order to prepare and to update SOIs, the Commission shall conduct a Municipal Service Review (MSR) prior to or in conjunction with the SOI update; and

WHEREAS, the Commission has undertaken its 2nd round “*City Services*” MSR covering all 19 cities and four community services districts (CSDs) including Crockett CSD, Diablo CSD, Discovery Bay CSD and Kensington CSD; and

WHEREAS, this MSR, as prepared by Lamphier-Gregory and Berkson Associates consultants to LAFCO, covers the following services: animal control, broadband, building/planning, law enforcement, library, lighting, parks & recreation, solid waste, streets/roads, stormwater, and utilities (gas, electric/community choice); and

WHEREAS, this MSR focuses on: 1) updating profile data including growth and population, jobs/housing, finances (expenses, revenues, debt, reserves, related fiscal indicators), and staffing; 2) shared services (i.e., joint powers/joint use agreements, contracts between public agencies, public-private partnerships); 3) infill development/sprawl prevention/islands; and 4) agricultural/open space preservation; and

WHEREAS, on April 17, 2019, the Commission held a public hearing to receive an overview of the Public Review Draft MSR, receive public comments, and provide input; and

WHEREAS, on June 12, 2019, the Commission held a public hearing to receive the Final Draft MSR and recommended determinations and SOI updates for all agencies covered in the MSR, including the Discovery Bay Community Services District (DBCSD); and

WHEREAS, at the public hearings, the Commission heard and received all oral and written protests, objections, and evidence, which were made, presented, or filed, and all persons present were given an opportunity to hear and be heard with respect to the MSR and SOI updates; and

WHEREAS, the MSR contains the determinations required by §§56425 and 56430 relative to the SOI update and MSR, respectively, for the DBCSD incorporated in this resolution; and

WHEREAS, the proposed action consists of adopting the MSR determinations and updating the SOI for the DBCSD as presented in the 2nd round “*City Services*” MSR; and

WHEREAS, adoption of the MSR is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA), as MSRs are feasibility and planning studies for possible future actions that have not been approved, adopted, or funded, pursuant to State CEQA Guidelines Section 15262; and

WHEREAS, as set forth in State CEQA Guidelines section 15061(b)(3), approval of the SOI update is not subject to CEQA because it can be seen with certainty that there is no possibility that the SOI update will have a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED that Contra Costa LAFCO does hereby adopt the following MSR pursuant to §56430 and SOI determinations pursuant to §56425 for the DBCSD and retain the existing SOI for the DBCSD as depicted in Exhibit A (attached).

MUNICIPAL SERVICE REVIEW (MSR) DETERMINATIONS

- 1) *Growth and population projections for the affected area* – According to the 2016 American Community Survey data, the DBCSD serves 14,765 residents. The Association of Bay Area Governments (ABAG) projects that unincorporated Contra Costa County will grow at an annual rate of approximately 0.7% between 2010 and 2040. Unincorporated Contra Costa County is also projected to experience an approximate 0.5% annual growth rate in jobs between 2010 and 2040.

The MSR also reviewed jobs/housing, planning for an aging population, and anticipated growth patterns. The Bay Area Census and ABAG project the unincorporated County's jobs/housing balance to be 0.59 by 2040, which reflects an imbalance. Regarding planning for an aging population, the number of adults age 50 and older in Contra Costa County is projected to increase approximately 45% by 2040. The DBCSD provides activities and resource information for adults age 50+. Regarding anticipated growth patterns, there are no Priority Development or Priority Conservation Areas within the DBCSD. The [Newport Pointe and Pantages projects could impact DBCSD's](#) ~~does not anticipate that~~ current/~~or~~ projected growth patterns [and the District's will expand beyond its](#) existing ~~service~~ [municipal](#) boundary and SOI.

- 2) *The location and characteristics of any Disadvantaged Unincorporated Communities (DUCs) within or contiguous to the SOI* – According to the American Community Survey 5-Year Estimates (2013-2017), there are no DUCs within or contiguous to the DBCSD.
- 3) *Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the SOI* – There are no disadvantaged communities within or contiguous to the DBCSD.
- 4) *Financial ability of agency to provide services* – In determining the financial ability of the DBCSD to provide services, the MSR considered operating general fund and reserve trends; liquidity, debt, and pension liabilities; and timeliness and accuracy of financial reporting. Overall, the DBCSD appears to have sufficient financial resources to continue providing services and accommodate infrastructure expansion, improvements or over the next five years. The [District's FY 2017 financial statements showed annual expenditures exceeding annual revenues; however, the District ended the year with a positive fund balance](#) ~~BCSD was operating with a surplus in its General Fund until a deficit in FY 2017~~. The DBCSD's reserve goal is unknown; however, the projected FY 2019 reserve balances are 39% of total operations and debt service. The District's total debt is increasing. The DBCSD does not provide pension or other post-employment retirement benefits and has no related liabilities. The District prepares financial reports as required for submittal to the State in January following the end of the prior fiscal year. The DBCSD's audited financial reports are published in the third quarter of the fiscal year following the audited fiscal year.
- 5) *Status of, and opportunities for, shared facilities* – The Discovery Bay community is unincorporated and served by Contra Costa County and various other public and private service providers for various services including animal control, broadband, building/planning, law enforcement, library, traffic lighting, solid waste, stormwater and utilities. DBCSD is a member of one JPA. Also, the District leases an old fire station from East Contra Costa Fire Protection District for landscaping services. DBCSD did not identify any other shared services, overlapping/duplication of services, or excess service or facility capacity.
- 6) *Accountability for community service needs, including governmental structure and operational efficiencies* – The DBCSD's website provides information regarding public meetings, services, policies, financial and other reports and documents. The District sponsors open houses and town halls and distributes newsletters to its residents.
- 7) *Any other matter related to effective or efficient service delivery, as required by Commission policy* – Contra Costa LAFCO's local policies provide that MSRs focus on target services including water, sewer, drainage, libraries, roads, parks, health care, broadband (high-speed internet access and use), police, and fire protection. The "City Services" MSR excludes review of water, sewer, healthcare and fire services as these

services were recently reviewed in 2nd round focused MSRs.

Contra Costa LAFCO added broadband services as an MSR focus area. The DBCSD does not provide public broadband service and is served by various private cable/broadband service providers. In 2013, the East Bay Broadband Consortium's issued its Broadband Report Card noting that Contra Costa County's internet service providers met the CPUC's minimum 6 Mbps download and 1.5 Mbps upload standards.

SPHERE OF INFLUENCE (SOI) DETERMINATIONS

- A. *The present and planned land uses in the area, including agricultural and open-space lands* – Contra Costa County, of which Discovery Bay CSD is a part, plans for a variety of land uses within the unincorporated county, representing a continuation of the current mix of uses. Present and planned land uses are adequate for existing residents as well as future growth and maintaining compatibility with agricultural and open space uses, as demonstrated in the County General Plan.
- B. *The present and probable need for public facilities and services in the area* – There are no anticipated changes in the type of public services and facilities required within the SOI for the DBCSD. The level of demand for these services and facilities, however, will increase commensurate with anticipated population growth over the next five years.
- C. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide* – The present capacity of public facilities in the DBCSD appears adequate. The DBCSD is likely to have adequate capacity during the next five years.
- D. *The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency* – Other than territory served by the DBCSD, LAFCO did not identify any other social or economic communities of interest relevant to the DBCSD.
- E. *The present and probable need for sewers, municipal and industrial water, or structural fire protection services and facilities of any DUC within the existing SOI* – According to the American Community Survey 5-Year Estimates (2013-2017), there are no disadvantaged communities in or adjacent to the DBCSD.
- F. *Nature, location, extent, functions & classes of services to be provided* – The DBCSD service boundary encompasses approximately 6.2± square miles. The District is authorized to provide water supply; sewage collection, treatment and disposal; levee maintenance; recreation; lighting; landscaping; and maintenance.

PASSED AND ADOPTED this 10th day of July 2019.

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Tom Butt, Chair, Contra Costa LAFCO

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

Lou Ann Texeira, Executive Officer