



**Lou Ann Texeira**  
*Executive Officer*

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*County Member*

August 10, 2011 (Agenda)

August 10, 2011  
Agenda Item 11

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

**Mt. Diablo Health Care District – Special Study**

Dear Commissioners:

In July, the Commission received a report regarding the Mt. Diablo Health Care District (MDHCD). The report provided information relating to district dissolution, including initiation, timing, election, public hearings, special study, effects of dissolution, cost and related issues. It should be noted that since the last report to the Commission, Assembly Bill 912 (Gordon) was signed by the Governor. This bill establishes an expedited process for district dissolution without an election.

Previously, the Commission discussed the dissolution process, costs and next steps which include preparing a special study to address issues relating to current and future services, governance options, assets and liabilities, and successor agency.

The Commission directed staff to prepare and circulate a Request for Proposal (RFP) in conjunction with a special study. The RFP (attached) was released on July 18 and posted to the Contra Costa LAFCO and CALAFCO websites. RFP notices were sent to approximately 25 firms. The deadline for submitting proposals is August 5, 2011.

A supplemental staff report transmitting the proposals will be distributed and posted on the LAFCO website on August 8; and copies will be made available at the August 10<sup>th</sup> LAFCO meeting.

Please contact the LAFCO office if you have any questions.

Sincerely,

**LOU ANN TEXEIRA**  
**EXECUTIVE OFFICER**

Attachment – Request for Proposal

# **REQUEST FOR PROPOSAL**

## **SPECIAL STUDY – GOVERNANCE OPTIONS Mt. Diablo Health Care District**

The Contra Costa Local Agency Formation Commission (LAFCO) is soliciting proposals from qualified consultants to prepare a special study relating to governance options, including district dissolution, of the Mt. Diablo Health Care District.

**REQUEST FOR PROPOSAL**  
**Special Study – Governance Options**  
**Mt. Diablo Health Care District**

**I. OBJECTIVE**

The Contra Costa Local Agency Formation Commission (LAFCO) seeks proposals from professional consulting firms to prepare a special study relating to governance options, including dissolution, of the Mt. Diablo Health Care District (MDHCD).

The MDHCD has been the subject of four Grand Jury reports which have called for dissolution of the District. Also, the Contra Costa Taxpayers Association (CCTA) recently called for dissolution of the District. LAFCO can initiate district dissolution if it is consistent with a study (Government Code sections 56373, 56378, 56425 or 56430), and if LAFCO can make specific statutory findings.

In response to concerns regarding MDHCD – its fiscal condition, governance and operations, and services – LAFCO proposes to conduct a special study to review these issues. The scope of the study is described below.

The study is to be performed in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH” - California Government Code section 56000 et seq.) and Contra Costa LAFCO’s policies and procedures.

**II. BACKGROUND**

**Mt. Diablo Health Care District** - The MDHCD, previously the Concord Hospital District, was formed in 1948, with voters approving the District formation and a special parcel tax to build the Mt. Diablo Community Hospital. The MDHCD boundaries include the cities of Martinez, Lafayette (portions), Concord, and Pleasant Hill (portions), along with the unincorporated communities of Clyde and Pacheco.

The District has evolved over the years both in terms of its physical boundaries and its organizational structure. Between 1967 and 1991, there were a number of boundary changes relating to MDHCD (i.e., annexations, detachments), as well as two proposals to dissolve the District in 1972 and 1976, both of which were denied by LAFCO.

The District is funded primarily by property tax revenues (ad valorem). In 1996, MDHCD faced bankruptcy and the voters approved a Community Benefit Agreement (CBA) which transferred the assets of the District to John Muir Health (JMH), in exchange for certain assurances regarding health care services to be provided within the District. The MDHCD does not own or operate any facilities. Per the CBA, all rights and title in the Mt. Diablo Medical Center, including land, buildings and equipment, transferred to JMH. In return, JMH is required to operate and maintain the District’s healthcare facilities and assets for the benefit of the communities served by the District.

Per the CBA, JMH provides funding for the District’s administrative expenses and contributes \$1 million per year to fund programs and events that address health issues and promote a healthy community. The CBA provides for mutual decisions regarding the allocation of funds to health care causes within the District.

**Grand Jury Reports** - Dissolution of the MDHCD has been the subject and recommendation of four Grand Jury reports in 2001, 2003, 2008 and 2011. The Grand Jury reports have repeatedly raised the same concerns as summarized below:

- MDHCD does not own or operate any health care facility, nor does it provide assistance in the operation of health facilities or any other medical services to its constituents
- Pursuant to the CBA, MDHCD has limited duties to a) perpetuate itself as the body to reclaim the assets the District transferred in the merger, should that merger fail; b) approve payments from two pension funds to former District employees; c) nominate five members to the board of the JMH/Mt. Diablo Health Benefit Corporation; and d) accept or reject (but not nominate) eight of the 16 JMH/Mt. Diablo Health System Directors.
- The primary source of revenue for the MDHCD is property tax revenue which is largely used to support the District's own administrative and operating expenses including lawyers, accountants, election costs, and the Board's medical benefits.
- Since the merger, the MDHCD has had little success and continues to search for some tangible health related activity to perform. Instead of being directly involved in managing and overseeing healthcare programs, the District Board functions more as administrators and grant allocators.

**LAFCO Municipal Service Review** - In August 2007, LAFCO completed the *Public Healthcare Services MSR* and corresponding SOI updates for the three health care districts in Contra Costa County, including MDHCD. The MSR report identified a number of concerns and recommendations relating to the MDHCD. The MSR report identified several governance options including reorganizing with another local agency and dissolution, and discussed potential advantages and disadvantages of each option. The MSR report noted that dissolution of a health care district would require further study, identification of a successor agency, development of terms and conditions, LAFCO approval, and ultimately voter approval.

The MSR report recommended that LAFCO retain the existing SOI for MDHCD and included a recommendation that the District be required to report back to LAFCO annually regarding those issues identified in the report. The Commission voted to retain the District's SOI and requested that the District provide annual progress reports to LAFCO. The District provided LAFCO with one progress report in 2008.

*Firms interested in submitting proposals are encouraged to review the 2007 LAFCO August 2007 Public Healthcare Services Municipal Service Review, along with the May 11, 2011 and July 13, 2011 LAFCO staff reports to become familiar with MDHCD and issues. These documents are available online at [www.contracostalafco.org](http://www.contracostalafco.org).*

### **III. SCOPE OF SERVICE**

The Scope of Service will address the following issues, and any other relevant issues as determined by the Consultant and LAFCO staff:

- (1) Using the 2007 LAFCO MSR and other sources of information, describe MDHCD, its boundaries, and those services currently being provided by the District. Include a brief discussion of past reorganization efforts, and any other relevant information.
- (2) Summarize the current and future need for services, including those currently being provided by MDHCD as well as alternative services. Describe the value of these services to the community. Identify what the alternate health care services would be, and who would provide them.
- (3) Identify governance options for providing health care services to the community, including the status quo, reorganization of MDHCD with another agency (ies), consolidation, dissolution of MDHCD, and any other viable service options.
- (4) Provide a fiscal analysis of existing and alternative means of providing services using the District's tax allocation, and/or other resources, if the District were dissolved or reorganized with another agency.

- (5) Evaluate whether a successor agency should be appointed to carry on health care services, or simply to wind up the affairs of the District.
- (6) Outline the steps that would have to be taken to wind up the affairs of the District, including, but not limited to, an analysis of the District's current obligations and the extent to which the successor would be obligated to continue to perform those obligations after dissolution (e.g., retiree health benefits, etc.), the allocation/distribution of assets (e.g., property, records, funding, etc.), disposition of liabilities, etc.

#### **IV. TASKS**

Specific tasks are as follows:

##### ***Task 1: Project Initiation and Data Collection and Review***

- Consultant will attend a kick-off meeting with LAFCO staff to review Scope of Service and schedule.
- Consultant will inventory the existing documents and information and determine what additional information is needed to proceed with the study.
- Consultant will work with LAFCO staff to establish a process and timeline for obtaining any additional documents and information.
- As necessary, Consultant will prepare and distribute a questionnaire to affected local agencies and other stakeholders to obtain needed information, and work with each agency to ensure a timely response.
- As necessary, Consultant will meet with other agencies to obtain needed information.
- LAFCO staff will assist in collecting information needed by Consultant.
- Consultant will review and analyze information and data, including, but not limited to, the 2007 LAFCO MSR, the CBA, MDHCD financial and budget reports, the CKH, the principal act (Health and Safety Code), LAFCO policies and procedures, and other information relevant to the study.
- Consultant will provide progress reports as requested.

##### ***Task 2: Administrative Draft Study***

- Consultant will prepare an Administrative Draft Study (ADS) addressing those issues identified in the Scope of Service and any other relevant issues as determined by the Consultant and LAFCO staff.
- Consultant will submit to the LAFCO Executive Officer the ADS in accordance with the project schedule.
- LAFCO staff will review and provide comments on the ADS, in accordance with the schedule.
- Consultant will address LAFCO staff's comments and prepare a Public Review Draft Study (PRDS).
- Consultant will provide progress reports as requested.

##### ***Task 3: Public Review Draft Study***

- LAFCO staff will distribute the PRDS to the Commission and all affected and interested parties.
- LAFCO staff will make the PRDS available for a 21-day review period.
- Consultant will provide written responses to comments received during the public review period.
- Consultant will revise the PRDS in accordance with the public comments.
- Consultant will prepare and submit the Final Draft Study (FDS) to LAFCO staff.
- Consultant will provide progress reports as requested.

**Task 4: Final Draft Study**

- LAFCO staff will present the FDS, along with comment log and responses to comments, to the Commission.
- Consultant will receive final comments during the LAFCO hearing (s).
- Consultant will attend up to two public meetings in conjunction with the FDS.
- Consultant will provide progress reports as requested.

**Task 5: Final Study**

- Following the public hearing(s), Consultant will incorporate changes, as appropriate, as requested by the Commission and others.
- Consultant will prepare and provide to LAFCO staff the Final Study.

**V. BUDGET**

Proposals that demonstrate that the final product will meet the requirements of the CKH Act and provide useful information in a concise format at the lowest cost will be looked upon most favorably. A final budget amount for this project will be negotiated with the firm selected for the work prior to an agreement being recommended to LAFCO for adoption.

There is no expressed or implied obligation for Contra Costa LAFCO to reimburse responding firms for any expenses incurred in preparing responses to this proposal.

**VI. PROPOSAL REQUIREMENTS**

Responses to this RFP must include all of the following:

1. A statement about the firm that describes history, competencies and resumes of the principal and of all professionals who will be involved in the work. This statement should address the following criteria:
  - Management level understanding of how municipal services are delivered and financed
  - Familiarity with the CKH and the role and functions of LAFCO
  - Experience in governmental organization analysis, including performance measurement and evaluation
  - Ability to facilitate and synthesize input from a variety of sources
  - Ability to interpret financial, budget and legal documents
  - Experience in identifying and fostering multi-agency cooperation
  - Public input processes and handling the presentation and dissemination of information to local agencies and the public for review and comment
  - The ability to work cooperatively with divergent interests
  - Knowledge of health care districts is desirable
2. Identification of the lead professional responsible for the project and identification of the professional(s) who will be performing the day-to-day work.
3. Identification of any sub-consultants who will be involved. If sub-consultants are proposed, describe the work they will perform and include the same information for each sub-consultant as required for items 1 and 2 above.
4. A statement of similar or related experience accomplished in the last three years and references for each such project, including the contact name, address and telephone number.

5. Description of the anticipated approach for this project, explicitly discussing and identifying any suggested changes to the Scope of Service and project schedule.
6. Disclosure of potential conflicts of interest with local agencies in Contra Costa County.
7. Identification of any information, materials and/ or work assistance required from the Contra Costa LAFCO to complete the project.
8. Project schedule, including the timing of each work task.
9. Information about the availability of all the professionals who will be involved in the work, including any sub-consultants.
10. The anticipated project cost, including:
  - a. A not-to-exceed total budget amount.
  - b. The cost for each major sub-task identified in the draft Scope of Service.
  - c. The hourly rates for each person who will be involved in the work, including the rates for any sub-consultants.

## **VII. OTHER INFORMATION REQUIRED IN PROPOSAL**

The consultant shall make a positive statement that it has the required insurance policies in force in acceptable amounts of coverage for Professional Liability, Worker's Compensation, Comprehensive General Liability and Auto (Owned and Non-Owned). Prior to commencement of services, the firm will be required to provide certificates of insurance coverage to Contra Costa LAFCO.

## **VIII. SUBMITTAL REQUIREMENTS:**

### DUE DATE:

On or before 5 P.M., Friday, August 5, 2011.

### NUMBER OF COPIES:

One reproducible hard copy and one electronic copy.

### DELIVER TO:

Contra Costa LAFCO  
651 Pine Street, Sixth Floor  
Martinez, CA 94553

Note: If delivery is to be in person, please call the LAFCO office to arrange a delivery time.

## **IX. EVALUATION CRITERIA:**

Proposals will be evaluated based upon their response to the provisions of this Request for Proposal. The following criteria will be used to assist in the evaluation of response to this proposal:

- Relevant experience with local government agencies and LAFCOs
- Thoroughness of approach and demonstration of the understanding of the objectives and scope of the study
- Experience in analyzing the delivery of municipal services and governance options
- Experience in analyzing local government finances

- Commitment to the timeliness in preparation of the study
- Cost to complete project

Proposals will be presented to the Commission for consideration at the August 10, 2011 LAFCO meeting. Following selection of the preferred firm, a professional services agreement detailing scope of service, schedule, and budget will be prepared and executed.

#### **X. SCHEDULE**

The tentative schedule associated with the project is as follows. A detailed schedule will be negotiated with the firm selected to conduct this study, and will be included with the professional services agreement.

<b>DATE</b>	<b>TASK</b>
<b>July 18, 2011</b>	Issue RFP
<b>Aug 5, 2011</b>	Proposals Due
<b>Aug 10, 2011</b>	Commission reviews proposals and selects preferred consultant
<b>Aug – Sept 2011</b>	Consultant Begins Work
<b>Nov 2011</b>	Administrative Draft Study submitted to LAFCO staff
<b>Dec 5, 2011</b>	Public Review Draft released
<b>Dec 26, 2011</b>	Deadline for Public Comment
<b>Jan 11, 2012</b>	Commission considers Final Draft Study

#### **XI. OTHER INFORMATION**

Interested consultants may contact Lou Ann Texeira, Executive Officer, Contra Costa LAFCO, with questions relating to this RFP. She can be reached by phone at (925) 335-1094, or by email at [LTexe@lafco.cccounty.us](mailto:LTexe@lafco.cccounty.us). For information about Contra Costa LAFCO, including MSRs and LAFCO staff reports, please visit our website: [www.contracostalafco.org](http://www.contracostalafco.org)

To be considered, a response to this request must be received by Contra Costa LAFCO as indicated above. Contra Costa LAFCO reserves the right to waive any defect or informality in any response, proposal or proposal procedure; reject any or all responses; reissue a Request for Proposal; procure any service by any other means; extend deadlines for accepting responses, or accept amendments to responses after expiration of deadlines; or determine that no project will be pursued.

At the discretion of Contra Costa LAFCO, firms submitting responses may be requested to make oral presentations as part of the evaluation process.

The Contra Costa LAFCO reserves the right to retain all responses submitted and to use any ideas in a response, regardless of whether that firm is selected. Submission of a response is acceptance by the firm of conditions contained in this RFP, unless clearly and specifically noted in the response submitted and confirmed in the contract between Contra Costa LAFCO and the firm(s) selected.

It is anticipated that selection of a firm will be made on August 10, 2011, and that a contract will be executed in a timely manner, and no later than August 19, 2011.