



Lou Ann Texeira
Executive Officer

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May 9, 2012 (Agenda)

**May 9, 2012
 Agenda Item 8**

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

Mt. Diablo Health Care District Update

Dear Commissioners:

In March 2012, the Commission was asked to consider governance options for the Mt. Diablo Health Care District (MDHCD). At that time, the Commission closed its public hearing and expressed an interest in a governance option to “reorganize” the District whereby the City of Concord would apply to LAFCO to shrink the boundaries of the District and establish MDHCD as a subsidiary district of the City.

This update provides information regarding activities which have occurred since the March 14 LAFCO meeting, along with a summary of next steps.

On April 6, the City of Concord submitted an application to LAFCO to reorganize the MDHCD to detach certain areas and establish the MDHCD as a subsidiary district to the City of Concord. The application is not yet complete. The proposed subsidiary district will include the boundaries of the cities of Concord and Pleasant Hill.

On April 9, LAFCO staff distributed a Notice of Receipt of Application to all affected agencies, and is currently processing the City’s application. LAFCO and City staff are coordinating on several outstanding components of the City’s application, including a financial plan, plan for services, terms and conditions, and the map and legal description. City staff anticipates having the City Council review and approve the remaining pieces of its LAFCO application at the City Council meeting on May 22nd. Further, we understand that City of Concord, John Muir Health and MDHCD representatives have been meeting to discuss issues of mutual interest including the unfunded health benefit liability, the Community Benefit Agreement, and related issues.

At its meeting on May 1, the MDHCD Board discussed the City of Concord’s application and the statutory requirement that provides the District 35 days following the notice of receipt of the City’s application to either consent to the proposal to establish a subsidiary district, or adopt a

resolution of intent to file an alternative proposal. Given that the City's application is currently incomplete, the MDHCD Board took two actions on May 1. The Board approved a letter to LAFCO requesting a 30-day extension to receive and review the remaining components of the City's application (Attachment 1). In accordance with Government Code section 56861, the Board also adopted a resolution of intent to file an alternative proposal in the event that the Commission denies its request for an extension of time to review and comment on the City's application (Attachment 2).

LAFCO has also heard from the City of Lafayette regarding the City of Concord's application, indicating they have no comments at this time.

In terms of moving forward and next steps, we anticipate receiving the remaining components of the City of Concord's application following the City Council's approval on May 22.

LAFCO staff is working with the Auditor's Office on the property tax issues. It is our understanding that the reorganization proposal is subject to a property tax exchange agreement to be approved by the Board of Supervisors on behalf of the District under the Revenue & Taxation Code Section 99(b)(5) and by the Concord City Council.

Finally, we understand from County Elections that there are several dates in early July whereby the District is required to file documents with the County regarding the November 2012 election. Given the status of the reorganization proposal, it is likely this matter will not be concluded until after the filing deadline has passed.

The reorganization proposal is complex, the process for processing such a proposal is lengthy, and currently, there are many "moving parts." Thus, it is unknown at this time when the application will be presented to the Commission. All parties are committed to an expedient process.

RECOMMENDATION – It is recommended that the Commission 1) receive the update, 2) approve the MDHCD's request for an extension to June 14, 2012, to review and comment on the City of Concord's reorganization proposal, and 3) provide direction as appropriate.

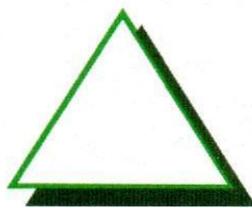
Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachment 1 – Letter Dated May 1, 2012 from MDHCD Requesting an Extension to Review and Comment on the City of Concord's Reorganization Proposal

Attachment 2 – MDHCD Resolution 2012.1 Notice of Intent to File an Alternative Proposal

Mt. Diablo Health Care District
1800 Sutter Street, Suite #385
Concord, California 94520



Board of Directors
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Grace Ellis, Vice Chairman
Roy Larkin, Secretary / Treasurer
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Frank Manske, Director

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Daymon Doss, Executive Director
Roya Biarash, District Secretary

www.mtdiablohealthcaredistrict.ca.gov

Tuesday, May 01, 2012

Honorable Don Tatzin, Chairman
Contra Costa County Local Agency Formation Commission
651 Pine Street, 6th Floor
Martinez, California 94553

**RE: Proposed Time Extension for LAFCo 12-02
Mt. Diablo Health Care District Reorganization**

Dear Chairman Tatzin,

On April 9, 2012, the Mt. Diablo Health Care District (MDHCD) received Notice of Receipt of Application Materials for LAFCo 12-02 – *Mt. Diablo Health Care District (MDHCD) Reorganization*.

This application included the detachment of territory/establishment of MDHCD as a subsidiary district of the City of Concord, along with a copy of the City’s incomplete application.

It is noted that we were informed that we have until May 14, 2012 to submit questions or comments regarding this application pursuant to Gov. Code. § 56861.

As of May 1, 2012, we have not received a complete application and our conversations with the City of Concord and LAFCo would indicate that the completed application would not be submitted to the City Council of the City of Concord until May 22, 2012.

The Mt. Diablo Health Care District respectfully requests an extension of the time allowed for questions and comments from May 14, 2012 to **June 14, 2012**. This would allow the MDHCD Board and Staff the opportunity to review the financial and operational plans for the proposed subsidiary district.

Thank you for your consideration.

Sincerely,

Jeffrey S. Kasper
Chairman, Mt. Diablo Health Care District

C.C. Lou Ann Texeira, Daymon Doss

Resolution No. 2012.1**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MT. DIABLO HEALTH CARE DISTRICT****May 1, 2012**

Findings and Factual Statement

WHEREAS the Board of Directors of the Mt. Diablo Health Care District (MDHCD) is required by May 10, 2012 to decide whether to support, oppose or take no position on the application of the City of Concord to form a subsidiary health care district; and whereas, the District will not take a neutral position about a matter of such importance to the communities it serves, and

WHEREAS, If the Board of Directors determines that the City of Concord's application to form a subsidiary district must be opposed, the District will be entitled to submit its own alternative plan for the future of the District; and

WHEREAS, as of May 1, 2012, a largely incomplete application to form a subsidiary district has been submitted by the City Of Concord that includes only the proposed boundaries of the new subsidiary district – encompassing the present boundaries of the City of Concord and the City of Pleasant Hill; and

WHEREAS, Government Code section 56653 requires that a completed application to form a subsidiary district must specifically address and enumerate the nature and scope of services to be provided in the subsidiary district and the financing for those services; and whereas the services to be provided and the financing of those services are the essential elements to be considered by the Board in determining whether to support or oppose the application; and.

WHEREAS, the District has reviewed correspondence from the City of Concord to LAFCo dated April 11, 2012, that raised the probable effects of Government Code section 56118 (application to establish a subsidiary district shall be deemed a request for merger) and Government Code section 57526 (prior district assets merged into a single city) on the pending process; and whereas the District shares the concern raised in the correspondence that the inclusion of two (2) cities (Concord and Pleasant Hill) in the application renders the current process inappropriate; and

