

## Embattled Mt. Diablo Health Care District on the brink of shifting over to Concord's control

By Lisa Vorderbrueggen *Contra Costa Times Contra Costa Times*

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MARTINEZ -- In an exceptionally rare act of government contraction, Contra Costa regulators pulled one of the last remaining plugs Friday on a small public health care district that hasn't run a hospital in 16 years.

The Contra Costa Local Agency Formation Commission unanimously launched the countdown toward disbanding the five-member elected Mt. Diablo Health Care District board, downsizing its territory and assigning its governance and small pot of property tax money to the Concord City Council.

Concord Councilwoman Laura Hoffmeister spoke in favor of the city's new role, which the commission had requested as an alternative to a more legally risky outright dissolution.

"Our goal is to make this district a long-term success," she said.

Barring further surprises in what has been a long and tortured process, the commission is scheduled to take final action Aug. 9.

Even so, the decision will come just days before the Aug. 15 candidate filing deadline, which would trigger a \$120,000 taxpayer-funded district election.

The Friday afternoon hearing took 20 minutes and contrary to previous meetings, no one from the district spoke.

The district had voted earlier this month to challenge Concord's plan, which would have delayed the process and led to a costly election.

The board later rescinded its decision after a lengthy meeting with Concord where district Chairman Jeff Kasper said city officials satisfied his concerns. He and his colleagues feared the city intended to dissolve the district and jeopardize its agreement with John Muir Health.

Voters formed the health care district in 1948 as a means to fund and build the former Mt. Diablo Hospital in Concord. The district faced bankruptcy in the mid-1990s and voters turned over the hospital to the private nonprofit John Muir Health, which renamed it John Muir Medical Center.

The health care district remained in place. The board was supposed to oversee the transfer agreement with John Muir, among a few other duties.

But the vast majority of its \$240,000 a year in property tax revenues went to elections, legal bills, overhead and lifetime health benefits to a pair of eligible elected directors.

Four civil grand juries, numerous activists and newspaper editorial boards have been calling for its dissolution since 2000.

The Contra Costa Taxpayers Association initiated the most recent effort to shutter the district, which ultimately led to Friday's action.

Under the reorganized district, the Concord City Council will serve as the elected board of directors in a

reduced territory consisting of Concord and Pleasant Hill. Martinez, Clyde, Pacheco and a few parcels in Lafayette and Clayton will be removed.

Concord will set up a community grant program with the estimated \$200,000 a year in property taxes generated in the smaller district.

It will also share seats with Pleasant Hill on the community health foundation board, which distributes an added \$1 million a year from John Muir as mandated in the hospital transfer agreement.

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# Failed tax should be lesson for ConFire

Sunday, July 1, 2012  
Contra Costa Times

The political flashover from the voters' torching of the East Contra Costa County Fire District's parcel tax last month is radiating plenty of heat onto neighboring Contra Costa Fire District's fledgling plans for a similar tax measure in November. We'll save the debate on whether the taxes have merit for another forum.

Looking strictly at the politics, the two tax proposals bear both striking similarities and significant differences. Any or all of these could factor into whether ConFire's voters pour water or gasoline on its parcel tax measure in November:

n Talk of station closures is no empty threat. Without the tax revenues, East Contra Costa on Sunday closes half of its six fire stations, leaving nine firefighters on duty per shift for 250 square miles.

Likewise, ConFire Chief Daryl Louder says he would shutter 10 of his district's 28 stations.

n East Contra Costa asked voters for \$197 a year, an amount double what its polling showed residents would support. ConFire is looking at \$75 a year, which its survey suggests is dicey but a lot closer.

n ConFire is likely to exempt those 65 and older from the tax. East Contra Costa did not. Critics call it a cynical ploy to win the senior vote, while others insist it is an effort to be sensitive to older residents on a fixed income.

n East Contra Costa tried to catch up on historical funding shortfalls with its measure, such as adding paramedics to its fire trucks. ConFire is asking for just enough money to keep its existing stations open and nothing more.

n Voters are just plain mad about what they view as excessive public employee wages and pensions. East Contra Costa firefighters earn 40 percent less than their neighboring colleagues, but residents didn't seem to care. Fair or not, this may be ConFire's toughest nut to crack.

n East Contra Costa's firefighters union postponed contract talks until after the June vote, which fomented suspicion about union motives. ConFire's union took a 10 percent pay cut last year and next month will negotiate a less expensive pension tier for new hires. Will it be enough? We'll see. Finally, there's the campaign itself.

In East Contra Costa, the numbers tell the story best: The measure fell short by a staggering 23 percentage points despite the tens of thousands of dollars the firefighters raised and spent on it. It's too early to say what ConFire's campaign will look like, but you can bet they are looking hard at how to avoid a similar fate.

**FIRST DAY OF 'SCHOOL':** Just hours after Gov. Jerry Brown appointed former Danville Mayor Candace Andersen to the Contra Costa Board of Supervisors on Tuesday, the self-described fiscal conservative cast three votes that may surprise some people:

n A yes vote on the governor's November temporary sales tax hike measure.

n A yes vote on a bill that would lower the voter threshold on fire and police tax measures from two-thirds to 55 percent.

n A yes vote to proceed with the preparation of ConFire's parcel tax.

On Brown's tax, Andersen voiced concern about its potential economic hit on businesses. But since its primary beneficiaries are schools, she See **POLITICS**, [Page 2](#)



**LISA VORDERBRUEGGEN**

POLITICAL COLUMNIST

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### Politics

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said she could support it.

The other two involve public safety, her top priority.

Interestingly, Andersen has not — and says she never will — sign the “No New Taxes” pledge, a litmus test in some conservative circles.

**SILENCE IS GOLDEN:** When off-wordy Supervisor John Gioia urged his colleagues to push through Tuesday’s packed agenda — he had another meeting afterward — fellow Supervisor Federal Glover had a suggestion: “If you stop talking the rest of the meeting, John, I think we can make it,” Glover said.

**GOT POLITICS?:** Louder will walk through a wall of fire to rescue women, children and kittens. But is he brave enough to face the Contra Costa Taxpayers Association? Watch the video at the Political Blotter at [IBABuzz.com/](http://IBABuzz.com/) politics:

**AND FINALLY:** Jerry, Jerry, Jerry. Wake up and smell the iPad. When Brown’s staff informed Andersen late Monday that the governor had appointed her to the Board of Supervisors, they admonished her to keep the news under wraps until the state made it official in the morning.

No, Andersen didn’t spill the beans to the media.

However, word got out.

She had to resign from the Danville Town Council.

Plans for her swearing in had to be made.

Within minutes, emails and text messages were spreading faster than fog in August under the Golden Gate Bridge. My cellphone started beeping within an hour. The governor’s people sent me an “official” release a few minutes before Andersen took the oath of office.

Thanks, buddy. You only missed today’s 12-second news cycle by 12 hours.

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## Moraga-Orinda Fire District contract talks grind to a halt

By Jennifer Modenessi Contra Costa Times San Jose Mercury News

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ContraCostaTimes.com

After more than two years of negotiations, contract talks between firefighters and the Moraga-Orinda Fire District have reached a standstill, and district officials are considering special measures to impose a new contract if firefighters reject what they are calling their two last "best and final proposals."

A statement released Friday by Moraga-Orinda Fire District officials that negotiations had reached an impasse came as a surprise to the union, said Contra Costa County IAFF Local 1230 President Vince Wells.

"They never told us they were declaring an impasse," he said. The union membership is scheduled to vote next week on the district's latest proposals, Wells said.

The two sides have been negotiating since the contract expired in January 2010. Neither side would speak about contract specifics, but the latest proposal includes options for three-year and one-year contracts.

In their statement, district officials said they are focusing on issues including unfunded liabilities caused by the rising cost of health benefits for employees and retirees; moving future employees to a different pension benefit formula; and keeping pay in line with financial budgets and constraints.

Wells said pension and medical costs have always been two of the most important issues for firefighters. He said the union had addressed unfunded liabilities for pension and retiree health care in their counteroffers.

"It's kind of disappointing that we're at this point," he said. "We were willing to move on both of those."

Fire district board President Fred Weil said the district could hold a public hearing and impose a contract with a one-year term if the union membership rejects the offers and both parties are still unable to come to an agreement.

"(The district) wants an amicable resolution for the contract," Weil said. "You want to try to work through (negotiations) as amicably as you can, even if it takes longer."

## **Mt. Diablo Health Care District seeks to cash out Concord Mayor Ron Leone's lifetime health benefits**

*By Lisa Vorderbrueggen Contra Costa Times Contra Costa Times*

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Concord Mayor Ron Leone stands to cash out a lifetime health care benefit for possibly hundreds of thousands of taxpayer dollars, courtesy of a perk he earned during his 16-year stint as a part-time elected director of a small hospital district.

The soon-to-be-downsized Mt. Diablo Health Care District is seeking to settle up its legal obligation to provide coverage to Leone -- who also is covered under Concord's medical plan -- and current board member Grace Ellis, 85, the only two people eligible for the lucrative benefit awarded years ago.

There is nothing illegal about the payoff, but the public has grown increasingly dissatisfied with the idea of elected officials -- particularly part-timers -- earning free lifetime benefits while city and county services are slashed and voters are asked to pay more taxes to keep those services intact.

Leone said he will accept a cash payout as long as a third party manages the funds and all remaining dollars after his death revert to taxpayers.

"I'm not looking for a check," said the 61-year-old Leone, who served on the health care board from 1991 to 2006 and was elected to the Concord City Council in 2010. "What I am looking for is the benefit guaranteed to me in exchange for my service on the health care district."

But the path to resolution is a twisted one fraught with political implications for the Concord mayor.

Leone became eligible for the free lifetime medical and dental insurance for himself, his wife and his two children in 2003.

Faced with skyrocketing premiums for the CalPERS plan that approached \$2,000 a month apiece, the district in late 2011 asked Leone and Ellis to accept cheaper alternatives.

Ellis enrolled in Medicare and a supplemental plan, which cut the district's costs by more than half.

Leone agreed to sign up for Concord's health plan as long as the district covered his out-of-pocket costs, which he estimated at \$580 a month.

The mayor and the district, as it turned out, defined "cost" much differently:

- For a period of time that Leone had received free benefits from the health care district, he also had collected from Concord an equivalent health insurance cash payment of \$571 a month. It's a perk offered to all workers and employees who opt out of the city's health plan.
- When Leone agreed to switch from the district's to the city's plan in November, he asked the district for \$550 a month based on his loss of the city's payment. The district paid him at this rate from January through May.
- But when the district found out Leone's premium cost him \$104 a month, it cut the councilman's cash payments accordingly.

The district's push to pay off its liability comes in anticipation of local regulators' vote this summer to disband the district's five-member elected board and shift to the Concord City Council its few duties and small pot of tax revenues.

"I'm going to do the best I can to resolve the issue as quickly as possible," said Health Care District Chairman Jeff Kasper. "Once we agree on a dollar amount, the district could write Ron a check and he can purchase an annuity or do whatever he wants to do. And we will do the same for Grace."

If Leone and Ellis agree -- and they could refuse -- the dollar amount will depend on the negotiations' outcomes.

The district's May analysis puts the combined value of the pair's benefits at \$218,304 although a prior study set the figure at \$713,660. The decline was attributed to the pair's voluntary shift in late 2011 to cheaper plans.

The district has been under fire over the free lifetime health benefit for years.

Four Contra Costa civil grand juries and a Contra Costa regulatory agency have cited the expense as an unreasonable use of public money and a reason to shut down the district, which hasn't run a hospital since 1996.

The district spent \$455,144 between 2000 and 2011 on medical and dental premiums for Ellis and Leone, according to an independent consultant. During the same period, the consultant found the district spent the bulk of its \$240,000 a year in property tax receipts on administrative, legal and election costs.

State lawmakers in 1994 banned the provision of health benefits to elected special district board members unless they met specific criteria, including having served at least 12 years. Most of the district's liability is for the much-younger Leone. The district has asked its consultant to provide updated individual estimates, Kasper said.

A lump-sum payout is a reasonable option, agreed pension and benefits expert Gary Craft, of Lafayette, who recently conducted an analysis of public employee retirement costs for the Contra Costa Council.

Leone and Ellis would likely invest the money or purchase an annuity, and use the proceeds to buy coverage, Craft said. The district would no longer fund or manage their plan.

The move carries some risk, Craft said.

"You don't know what the future will bring," Craft said. "Health care costs could escalate and the payout might not be enough. On the other hand, the district could shut down and they could lose the benefit. But in theory, (Leone and Ellis) will be made whole and the district will have satisfied its legal obligation."

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**July 03, 2012** - Topic: Health Care Costs

## Panel Moves To Disband Mt. Diablo Health Care District

On Friday, the Contra Costa Local Agency Formation Commission unanimously decided to begin the process of disbanding the five-member elected Mt. Diablo Health Care District by downsizing its territory and assigning its governance and a small portion of property tax funds to the Concord City Council. The commission is scheduled to take final action to disband the commission on Aug. 9.

- **"Embattled Mt. Diablo Health Care District on the Brink of Shifting Over to Concord's Control"**  
(Vorderbrueggen, *Contra Costa Times*, 6/29).

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