



Lou Ann Texeira
Executive Officer

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March 9, 2016
 Agenda Item 10

March 9, 2016 (Agenda)

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

West Contra Costa Health Care District – Special Study

Dear Members of the Commission:

Last month, the Commission received the FY 2016-17 budget schedule, along with a work plan preview. Included in the work plan preview were a number of potential projects, including Municipal Service Reviews (MSRs), policies and procedures updates, special studies, and others.

The Commission provided direction as to preferred projects and activities to be included in the proposed FY 2016-17 budget. The Commission also expressed interest in moving forward this year with a special study of the West Contra Costa Healthcare District (WCCHCD)/Doctor’s Hospital to review governance options, including dissolution.

In 2014, the WCCHCD Board voted to close Doctor’s Hospital. The hospital officially shut down its operations in April 2015 following years of financial struggles. The District is currently in the process of winding down its activities and selling the hospital property. A LAFCO study could be timely as it will identify governance options, including dissolution, and provide an opportunity to assimilate information relating to the District’s obligations (e.g., contracts, bonds, etc.), and assets (e.g., proceeds from the sale of the property, property and parcel tax revenue, etc.) in one document.

In order to expedite the study, LAFCO staff has discussed the project with Richard Berkson (Berkson Associates) to determine the scope of work and estimated cost. Mr. Berkson is currently working on Contra Costa LAFCO’s Fire & Emergency Services MSR in conjunction with Municipal Resource Group, LLC. In addition, Mr. Berkson previously worked for Contra Costa LAFCO on the Mt. Diablo Healthcare District special study and the Comprehensive Fiscal Analysis for the proposed incorporation of the Town of Alamo.

Mr. Berkson has over 30 years of experience working with local agencies throughout California. Areas of expertise include government organization, fiscal, financial and market analysis, and public finance. He has prepared numerous LAFCO governance studies and municipal service reviews; studies addressing incorporations, annexations, special district formations,

consolidations, and dissolutions; design and preparation of financial strategy studies, capital and infrastructure plans, fee, tax and related studies.

My Berkson has prepared similar studies, is familiar with Contra Costa County, and is available to assist with this study.

In general, the scope of work will include the following components.

- ❖ **Overview of WCCHCD** (e.g., history/evolution, services, population served, special assessments, special taxes, other funding sources)
- ❖ **Financial Review** (e.g., operating expenditures, revenues, assets, debt obligations, other short and long term liabilities)
- ❖ **Governance and Service Options** (e.g., dissolution, successor agency, other)

The special study will take approximately 4-5 months to complete. Following the special study, should the Commission wish to initiate a change of organization or reorganization, such a process will take several months to complete. Further, based on current law, the dissolution of a healthcare district requires an election (Gov. Code §57103).

OPTIONS

1. Move forward with a special study. Approve a budget adjustment in the amount of \$25,000 and authorize an appropriation in the same amount from the contingency reserve; and authorize the LAFCO Executive Officer to execute a contract with Berkson Associates to prepare the special study, with a contract term from March 10, 2016 through August 31, 2016 in an amount not to exceed \$25,000; or
2. Defer or do not move forward with a special study. The WCCHCD will be covered in the next healthcare services MSR which is proposed for FY 2016-17; or
3. Provide other direction as desired.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

- c: Board Members and Interim CEO, West Contra Costa Healthcare District
Contra Costa County Administrator
City Managers, Cities of El Cerrito, Hercules, Pinole, Richmond, San Pablo