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Executive Officer

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May 10, 2017  
Agenda Item 10

May 10, 2017 (Agenda)

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

**Authorize Service Contract - Countywide 2<sup>nd</sup> Round Municipal Service Review  
and Sphere of Influence Updates – Healthcare Services**

Dear Members of the Commission:

DISCUSSION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that on or before January 1, 2008, and every five years thereafter, LAFCO review and update the sphere of influence (SOI) of each local agency, as necessary. As part of the SOI update, LAFCO must prepare a corresponding Municipal Service Review (MSR) to determine the range and adequacy of governmental services provided.

In April 2013, Contra Costa LAFCO completed its inaugural MSR cycle covering all 19 cities and 75 special districts. In conjunction with the MSRs, LAFCO updated the SOIs for most agencies. In August 2013, LAFCO initiated its 2<sup>nd</sup> round MSRs/SOI updates. To date, LAFCO has completed 2<sup>nd</sup> round MSRs covering water/wastewater, reclamation (levee), and fire and emergency medical services.

In 2007, Contra Costa LAFCO completed its first round healthcare services MSR/SOI updates covering healthcare services. The 2007 MSR covered the three independent healthcare districts (HCDs) - Mt. Diablo HCD (MDHCD), Los Medanos Community HCD (LMCHD) and West Contra Costa Healthcare District (WCCHD) – along with Contra Costa County Health Services. Since that time, there have been notable changes in the districts that provide healthcare services in Contra Costa County, with the 2012 reorganization of the MDHCD – now the Concord/Pleasant Hill HCD; the closure of Doctors Hospital in 2015, WCCHD’s recent bankruptcy and the potential to reorganize WCCHD as discussed in LAFCO’s 2016 special study; and the recent change in the provision of ambulance services in Contra Costa County. Further, municipal healthcare is a current topic of conversation in Sacramento (Little Hoover Commission), and at the federal level (i.e., future of the Affordable Care Act). A 2<sup>nd</sup> round healthcare MSR is timely.

In conjunction with the FY 2016-17 LAFCO budget, the Commission directed staff to move forward with the 2<sup>nd</sup> round MSR covering healthcare services. The 2<sup>nd</sup> round healthcare services MSR will focus on the following:

- ❖ Updating information presented in the 2007 MSR,
- ❖ Assessing the ability of healthcare service providers to maintain relevance and meet the changing healthcare landscape, and
- ❖ Identifying opportunities for coordination/collaboration among healthcare service providers in Contra Costa County.

**Consultant Recruitment Process** - Contra Costa LAFCO relies primarily on consultants to prepare MSRs. In February 2017, the Commission approved release of a Request for Proposals (RFP) and Scope of Services for the healthcare services MSR. The RFP was released on February 9<sup>th</sup>, was sent to over 30 firms, and posted on the Contra Costa LAFCO, CALAFCO and California Special Districts Association websites. Proposals were submitted by the following three firms (copies of the proposals are available upon request):

- **Harvey M. Rose Associates, LLC**
- **Berkson Associates (BA) and Abaris Group**
- **RSG**

The proposals varied in terms of approach, number of team members and timelines; and costs ranged from \$42,840 to \$100,305.

The screening committee was composed of LAFCO professionals including **Mona Palacios**, Executive Officer, Alameda LAFCO and **Dunia Noel**, LAFCO Analyst, Santa Clara LAFCO, both of whom have extensive experience with healthcare MSRs and special studies. Your Executive Officer also participated in the review of the written proposals and interviews.

The three firms were interviewed on April 14<sup>th</sup>. The interviews were structured, with questions designed to gauge the consultants' understanding of the required tasks, proposed approach to the MSR, experience and familiarity with LAFCO, knowledge of healthcare services, qualifications of personnel assigned to work on the MSR, budget, timeline and other factors. All firms included at least one healthcare professional on their team.

Following the interviews, the committee deliberated and concluded that while all firms are qualified and could provide the needed services, it is recommended that the Commission hire Berkson Associates/The Abaris Group to prepare the 2<sup>nd</sup> round healthcare services MSR. Subsequent to the interviews, LAFCO staff conducted a reference check and reviewed some of the firms' sample MSR work products; all were positive and support the committee's recommendation. The project team has significant experience working with LAFCOs, local agencies, and the healthcare industry.

- ❖ **Richard L. Berkson**, Principal, Berkson Associates, 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. Richard has prepared numerous LAFCO governance studies and MSRs; 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. Mr. Berkson has worked with Contra Costa LAFCO on a number of MSRs and special studies, including the EMS/Fire MSR (2016), and special studies for the West Contra Costa Healthcare District (2016), the Rollingwood Wilart Park Recreation & Park District (2016) and the Mt. Diablo Healthcare District Reorganization (2011).

- ❖ **Mike Williams**, President, The Abaris Group, a Martinez based company, specializing in regional and provider healthcare studies. Mr. Williams has conducted hundreds of studies on improving healthcare performance at the system, provider and payer levels. Mr. Williams is an expert on local healthcare issues, having worked with Contra Costa County in an effort to salvage Doctors Hospital (San Pablo), and with Contra Costa LAFCO on the first round healthcare services MSR in 2007. Mr. Williams is also a senior faculty member for the Robert Wood Johnson Foundation’s Urgent Matters Project, a 10-hospital national collaborative; and volunteers his time to assist the homeless, Alcoholics Anonymous, and other local organizations. His philanthropic efforts have raised thousands of dollars to fund healthcare, emergency medical and various community programs.

#### FINANCING

Adequate funding is included in the LAFCO budget to cover costs associated with this MSR.

#### RECOMMENDATION

Authorize staff to execute a contract with Berkson Associates/The Abaris Group to prepare the 2<sup>nd</sup> round healthcare services MSR/SOI updates for the term June 1, 2017 through January 31, 2018 in an amount not to exceed \$50,750.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

c: Distribution