SUMMARY ACTION MINUTES
ALAMEDA LOCAL AGENCY FORMATION COMMISSION
SPECIAL MEETING

Castro Valley Library, Community Room, 3600 Norbridge Ave., Castro Valley, CA

April 11, 2017

1. Call to Order and Pledge of Allegiance
Vice Chair Wieskamp called the meeting to order at 6:28 p.m. The Pledge of Allegiance was recited.

2. Roll Call.
Roll was called. A quorum was present of the following commissioners:

**County Members:** Scott Haggerty and Nate Miley (arrived 6:40 during consultant's comments)
**Special District Members:** Ayn Wieskamp, Ralph Johnson and alternate Georgean Vonheeder-Leopold
**Public Members:** Sblend Sblendorio and alternate Tom Pico

**Not Present:** Alternate County Member Wilma Chan; City Members John Marchand and Jerry Thorne; and Alternate City Member David Haubert

**Staff present:** Mona Palacios, Executive Officer; Theresa Rude, Analyst; Andrew Massey, Legal Counsel; and Sandy Hou, Clerk

3. Public Comment
Vice Chair Wieskamp invited members in the audience to address the Commission on any matter not listed on the agenda and within the jurisdiction of the Commission. There were no comments.

4. Eden Township Healthcare District (ETHD)
Staff provided introductory remarks, explaining that at tonight's meeting project consultant Richard Berkson would be providing an overview of the final draft of the Special Study of Governance Options for the Eden Township Healthcare District, which had been updated since the public review draft was presented at a meeting on January 31st. She also noted that since the agenda for this meeting had been distributed, three additional written comments concerning the study had been received and copies were provided to the Commissioners at this meeting tonight - one from the district, one from Tony Santos, and one from the Castro Valley Municipal Advisory Council (MAC).

Staff noted that the recommended action for the Commission was to:

1. Receive the final draft of the special study and consider whether the study is complete;
2. Accept the special study report along with any desired changes; and
3. Provide direction to staff regarding the next steps which may include preparing materials for a sphere of influence amendment and/or a Commission-initiated dissolution, and setting a hearing date regarding future action.

Staff concluded her remarks by providing a brief summary of events that had led up to the present concerning the special study of the District.

Project Consultant Richard Berkson then presented the final draft of the special study. He noted that to prepare the final draft, he had reviewed comments received on the public review draft report and gained input through meetings with the Mayors of Hayward and San Leandro. He provided a brief summary of the study's conclusions and pointed out changes made to the public review draft. Highlights of his remarks include the following:

- There were a number of minor, technical changes to the report.
Major findings of the report did not fundamentally change.
- Dissolution of the District without continuing its services is unwarranted.
- The final report has a list of the District’s goals.
- The report concludes that the District does provide value.
- There is a need for increased coordination with County agencies providing healthcare services in the area.
- The District can and should do a risk analysis.
- The report notes that the proceeds of a dissolution and sale of assets could be distributed to hospitals; if the District is not dissolved, the District should consider giving grants to the hospitals.
- Regarding a letter received from the County General Services Agency noting that it has the capability of managing office buildings, more information would be needed to determine if it was a viable option to have the County take over management of the District’s medical office buildings.
- The Alameda County Health Care Services Agency also indicated an ability and willingness to provide grant-related services and a system for measuring outcomes.
- Clarification was made in the section on advantages and disadvantages of dissolution indicating that all options would incur some costs, currently unknown, but could be an important factor to consider.
- Clarification added to the section on AB 2737 (Bonta bill) to indicate what would be needed for the District to be excluded from the definition given in the bill.
- Change made to the section on Advantages and Disadvantages of Dissolution, to add that an advantage would be a reduction in duplication of administrative services that could be provided by other agencies.

Commission Questions/Comments
Initiated by a question from Commissioner Haggerty, there was discussion about the amount of payments of the District’s primary debt (besides the legal judgement) – the loan on the Dublin Gateway Center buildings. The District’s Chief Executive Officer, Dev Mahadevan, responded to the questions.

Next Steps
Staff outlined what the next steps would be, depending on the action of the Commission.

1. LAFCO to decide whether the study is complete and whether to accept the report
2. LAFCO to decide whether it wants to take any action and provide direction to staff:
   - Could take no action
   - Could amend the District’s sphere of influence (SOI)
     a) Requires 21-day notice and a public hearing
     b) Could impose terms and conditions on the district with a requirement for report backs
     c) Could adopt a zero SOI, which would indicate that LAFCO thinks the District either provides no services or that services are inadequate or could be more efficiently provided. This would provide an opportunity for a non-LAFCO initiated dissolution.
     d) If dissolution path taken, than an application must be filed either by resolution of application or by petition. If services are to be continued, the application must include a plan to provide services which would provide a description of current assets and liabilities, and outline who would be responsible for those assets and liabilities, i.e., a successor agency.
     e) The Commission can condition dissolution on an election of voters within the district’s boundary.

Staff further noted that governance to consider include:

- **Continue to operate as an independent special district**
  LAFCO could either do nothing or could amend the District’s SOI and impose terms and conditions and require that the district return to LAFCO to provide periodic report backs that could include providing evidence that the District is:
  o Collaborating with Alameda County on its grant making efforts and needs assessment activities
  o Completing a risk analysis of its investment options
* Dissolve District, name successor agency which would either terminate or continue services

**Commission Questions/Comments**

Staff responded to questions from Commissioners Pico and Miley concerning actions LAFCo could take if it decided to keep the District intact, but wanted to see some changes implemented. She noted that, although LAFCo could via a letter, make a strong recommendation to the District that it implement changes recommended in the report and then review if that had occurred at the next municipal service review of the District, another way to ensure changes are implemented would be to do a sphere amendment that would include terms and conditions to address the desired changes, and could include a requirement that the District provide periodic updates to LAFCo on the status of implementing the changes. She noted that a sphere amendment at this time would not trigger the initiation of a municipal service review.

**PUBLIC COMMENT:**

Vice Chair Wieskamp opened Public Comment. The following people spoke:

- Charles Gilcrest, Board Member of Eden Township Healthcare District, recommended that the Commission accept the report with no sphere amendment or dissolution.

- Adrienne Sommer, resident of Hayward, spoke in support of the District and encouraged it’s continuation as is.

- Adrian Williams, resident of San Leandro – on behalf of Davis Street, a recipient of grants from the District, urged the continuation of the District.

- Stephen Cassidy, resident and former Mayor of San Leandro (1011-2014) – recommended that the process of looking at dissolution be ended and that the District be kept intact and given the freedom to grow and prosper.

- Roxann Lewis, Chair of Eden Township Healthcare District, said that the District is willing to look at the suggestions made in the report and that the board members are totally open to collaborating with the County.

- Dave Brown, Staff from Supervisor Wilma Chan’s office, provided copies of a recommendation from Supervisor Chan for LAFCo to dissolve the District and name Alameda County as a successor to continue services. He summarized the key points in the recommendation, noting that it was requesting 6 months for the County to develop and submit a proposal of how the County would manage the District’s operations.

- Rosália McMillen, Chief Financial Officer of Davis Street, spoke in support of the District and its continuation.

- Tom Lorentzen, Board Member of Eden Township Healthcare District – spoke in support of the District, noting that the trend in healthcare is towards prevention and keeping people out of hospitals, and that the District has the flexibility to respond to emerging needs.

Vice Chair Wieskamp closed public comment.

**COMMISSION DISCUSSION:**

Following is a summary of comments offered by the Commissioners:

Commissioner Miley said that he feels the final report should be accepted and that based on the findings of the report, dissolution is not warranted, but that LAFCo could do a sphere amendment to impose terms and conditions to address some of the concerns mentioned in Supervisor Chan’s letter. He noted that at its meeting the previous evening, the Castro Valley Municipal Advisory Commission had recommended the sphere of the District be changed to include only the unincorporated area and asked Staff what the merit of that would be.
Staff responded that she was not sure of the rationale of that proposal, but that Marc Crawford, Chair of the Castro Valley MAC, indicated in an emailed response to staff’s question that the proposal was based on the cities of Hayward and San Leandro controlling their own budgets and not needing the District’s funds to the extent that the unincorporated areas do, and furthermore that, given that the unincorporated area’s budget is decided in Oakland, the District “is the only public funding where the decisions are made in and to some extent for the unincorporated area.”

In response to Commissioner Johnson’s request, Dave Brown provided more detailed information about how intergovernmental transfers (IGT) can maximize funds, noting that it is a federal program that will match dollar-for-dollar funds for safety net hospitals, and further, that the program has to go through the County.

Commissioner Sblendorio observed that, although he supported LAFCo’s municipal service reviews of the District over the past seven years, he has been uneasy about the District. He is not convinced that the District is the best way to provide the services. He wants LAFCo to look at dissolution to see if there is a more effective way to provide the services. He further stated that if the District is dissolved, he doesn’t want the funds to go to the hospitals. He also said that he is willing to accept the final report.

Commissioner Haggerty expressed similar sentiments as Commissioner Sblendorio. He said that after all the meetings that LAFCo has had about the special study of the District, he feels a little better about the district, but he is not sure if he could accept the report. He said that he would like to wait and allow County staff to have an opportunity to pursue their suggestions.

Commissioner Vonheeder-Leopold said that she agreed with Commissioner Miley. She said the District is providing a service that is not at taxpayers’ expense and that she always worries when a larger entity takes over a smaller entity. However, she feels the District needs assistance and recommends that it work with the County to perhaps take advantage of IGT funds. She said it would be ridiculous to liquidate funds. She agrees with accepting the report and suggested they talk about a change in the District’s boundaries, as it makes sense to her to increase the boundaries to include the Dublin areas that are getting services from the District.

Commissioner Pico expressed that the report is complete and should be accepted; that he does not agree with dissolution; LAFCo should consider a sphere of influence change and the recommendations made in the report. He said the sphere change doesn’t have to happen immediately, but could wait until the next municipal service review. LAFCo can recommend strongly that the District implement the recommended changes and then the implementation of the changes be looked at during the next municipal service review. He said it was time to put this issue to rest and that the County should have made its proposal a long time ago.

Commissioner Wieskamp said that she feels the report is thorough and thinks the County can be a partner with the District rather than LAFCo dissolving the District. She emphasized that the District Board needs to take needed changes seriously and be willing to adapt.

Commissioner Miley commented that they could accept the report with terms and conditions today and that would not preclude the County from returning to LAFCo to share the results of their study, at any time.

**MOTION and VOTE:**
Commissioner Miley motioned to declare the study complete, to accept the final report, to not initiate dissolution, and to direct Staff to prepare terms and conditions to consider along with a sphere of influence amendment of the District at the July 13, 2017 LAFCo regular meeting. Commissioner Johnson seconded the motion. Motion passed.

AYES: 3 (Johnson, Miley, Wieskamp)
NOES: 2 (Haggerty, Sblendorio)
ABSENT: 2 (Marchand, Thorne)
ABSTAIN: 0
5. Adjournment of Special Meeting
The meeting was adjourned at 7:53 p.m.

6. Next Meeting
Thursday, May 11, 2017 at 2:00 p.m. – Regular Meeting

Respectfully submitted,

[Signature]
Sandy Hou, Commission Clerk

These minutes were approved by the Commission on May 11, 2017.

Attest: [Signature]
Mona Palacios, LAFCo Executive Officer