



Lou Ann Texeira
 Executive Officer

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August 8, 2012 (Agenda)

August 8, 2012
 Agenda Item 6

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

Mt. Diablo Health Care District Reorganization – Results of Protest Hearing and Update

Dear Commissioners:

At a public hearing on June 30, 2012, the Commission approved the Mt. Diablo Health Care District (MDHCD) Reorganization. The proposal involves the detachment of territory from the MDHCD and establishment of MDHCD as a subsidiary district of the City of Concord.

Following the required 30-day reconsideration period, during which time no requests for reconsideration were received, LAFCO must hold a protest hearing on the MDHCD Reorganization. This report summarizes the outcome of the protest proceedings and provides an update regarding MSHCD activities.

Protest Hearing

In accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 LAFCO is the agency to conduct the protest hearing, the purpose of which is to receive written protests from affected landowners and/or registered voters regarding the proposal and determine whether a requisite protest exists. With regard to this reorganization, which is inhabited (i.e., contains 12 or more registered voters), the Commission shall take one of the following actions:

- **Order the reorganization without an election** if written protests have been filed by less than 25% of the registered voters, or less than 25% of the landowners owning less than 25% of the assessed value of land within the affected territory; or
- **Order the reorganization subject to a confirmation vote of the registered voters** within the affected territory if written protests have been filed by at least 25% but less than 50% of the registered voters, or at least 25% of the land owners owning at least 25% of the assessed value of land within the affected territory; or
- **Terminate the proceedings** if a majority protest exists. A majority protest constitutes 50% or more of the registered voters residing in the annexation area.

The protest hearing was properly noticed and held on Monday, July 30, 2012, at 1:30 p.m. at 651 Pine Street, Board Chambers in Martinez. The hearing was conducted by the LAFCO Executive Officer, who is delegated the authority to conduct the protest hearing on behalf of the Commission. Six people attended the protest hearing.

At the conclusion of the hearing, the number of protests received prior to and during the hearing were counted. One written protest was filed; consequently, the reorganization is ordered without an election.

Activities Update

Since the LAFCO action on June 29 to reorganize the MDHCD, the following activities have occurred or are underway:

- On July 5th, the Board held its monthly meeting, at which time it took actions relating to the 2012 election and committee reports.
- On July 18th, the MDHCD Finance Committee met to discuss financial matters including the annual financial audit.
- On July 26th, the MDHCD held its 2012 Grant Awards Ceremony. The District has granted 100% of its 2012 granting program funds.
- On August 2nd, the MDHCD Board will meet. Agenda items include the 2011 Annual Financial Audit, and the proposed settlement agreements with Ms. Ellis and Mr. Leone relating to the lifetime health care benefits liability in accordance with LAFCO's terms and conditions relating to the reorganization. Additional information regarding the Board's actions will be provided at the LAFCO meeting on August 8th.

RECOMMENDATIONS

1. Authorize the Executive Officer to execute the attached resolution finding that there are insufficient protests to order an election or terminate the proceedings, and order the MDHCD reorganization subject to the terms and conditions as specified in the Commission's resolution of approval; and
2. Receive the update and provide input and direction as appropriate.

Sincerely,

Lou Ann Texeira
Executive Officer

Attached – LAFCO Resolution Ordering the MDHCD Reorganization

c: Distribution List

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

DETERMINATION OF THE EXECUTIVE OFFICER OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION FINDING THERE ARE INSUFFICIENT WRITTEN PROTESTS TO ORDER AN ELECTION OR TERMINATE THE PROCEEDINGS RELATING TO THE MT. DIABLO HEALTH CARE DISTRICT REORGANIZATION (LAFCO 12-02)

1. This action is taken pursuant to the Cortese Knox Hertzberg Local Government Reorganization Act (Government Code §56000 et seq.) and policies of the Contra Costa Local Agency Formation Commission (hereafter Commission).
2. Proceedings for the Mt. Diablo Health Care District (MDHCD) Reorganization were initiated by the City of Concord and filed with the Executive Officer of the Contra Costa LAFCO on April 6, 2012, proposing detachment of territory from the MDHCD and establishment of MDHCD as a subsidiary district of the City of Concord. The City of Concord's application sets forth the following reasons for the reorganization:
 - provide for a district governing board more accessible, transparent, open and available to the public in compliance with Brown Act requirements;
 - ensure a greater portion of public funds received are used for health related purposes with lower administrative costs;
 - allow greater interaction and coordination of public health services with the local government structure;
 - allow governance of the District by an existing local agency within whose boundaries are located the John Muir Medical Center, Concord Health Center and Concord Public Health Clinic; and
 - respond effectively to concerns expressed by the Contra Costa Grand Jury, LAFCO, local agencies and the general public about the effectiveness and cost of operating the MDHCD.
3. On June 29, 2012, the Commission adopted Resolution No. 12-02B, making determinations and approving the proposal subject to certain conditions. A true copy of said Resolution is attached hereto and incorporated by this reference, containing the terms and conditions of the Commission's approval of this proposal.
4. Acting on delegated authority from the Commission, as Executive Officer I conducted on July 30, 2012, a properly noticed public hearing to receive protests filed against the proposed reorganization and, following conclusion of the hearing, found that fewer than 25 percent of the registered voters and fewer than 25 percent of the land owners (owning less than 25 percent of the assessed value of land) within the reorganization area filed written protests against the proposal.
5. Finding there are insufficient protests to order an election or terminate the proceedings, the Contra Costa LAFCO hereby orders the Mt. Diablo Health Care District Reorganization subject to the terms and conditions contained within the Commission's resolution of approval.

This order is made on and is effective from August 8, 2012.

Lou Ann Texeira, Executive Officer
Contra Costa Local Agency Formation Commission

RESOLUTION NO. 12-02B

**RESOLUTION OF THE
CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND APPROVING THE
MT. DIABLO HEALTH CARE DISTRICT REORGANIZATION: DETACHMENT OF
TERRITORY AND ESTABLISHMENT AS A SUBSIDIARY DISTRICT**

WHEREAS, a proposal to reorganize the Mt. Diablo Health Care District (MDHCD) was filed with the Executive Officer of the Contra Costa Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Section 56000 et seq. of the Government Code); and

WHEREAS, the Executive Officer has examined the application and executed her certification in accordance with law, determining and certifying that the filing is sufficient; and

WHEREAS, at the time and in the manner required by law the Executive Officer has given notice of the Commission's consideration of the proposal; and

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations therein, and the report and related information have been presented to and considered by the Commission; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony related to the proposal including, but not limited to, the Executive Officer's report and recommendation, the environmental document or determination, Spheres of Influence and related information; and

WHEREAS, in January 2012, the Commission received a special study relating to the MDHCD which presented various governance options, including maintaining the status quo, dissolution and reorganization of the District; and

WHEREAS, the Local Agency Formation Commission determines that reorganization of the MDHCD is in the best interest of the affected area and the total organization of local governmental agencies within Contra Costa County as it maintains valuable District programs including *CPR Anytime* and AED placement, and will enhance funding for needed health care programs; and

WHEREAS, this reorganization of the MDHCD does not dissolve the District; and

WHEREAS, reorganization of the MDHCD does not alter the Community Benefit Agreement (CBA) with John Muir Health and maintains important provisions of the Agreement including the \$1,000,000 annual grant funding for health care initiatives in the community, and the reversionary provision.

NOW, THEREFORE, the Contra Costa Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. The reorganization proposal is consistent with the amended SOI.
2. The project is categorically exempt pursuant to the California Environmental Quality Act Class 20 – Changes to Government Organization.
3. The subject territory is inhabited, and the proposal is subject to protest proceedings.
4. The boundaries of the affected territory are found to be definite and certain as approved and set forth in Attachment A, attached hereto and made a part hereof.

5. Notice of the Commission's review of this proposal was advertised in the *Contra Costa Times*, newspaper of general circulation within the reorganization area through publication of a 1/8 page display ad; and that individual notice has been provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notification.
6. The subject proposal is assigned the distinctive short-form designation:
**MT. DIABLO HEALTH CARE DISTRICT REORGANIZATION:
DETACHMENT OF TERRITORY AND ESTABLISHMENT AS A SUBSIDIARY
DISTRICT**
7. Said reorganization is hereby approved and subject to the following terms and conditions:
 - a. The MDHCD, through the operation of the Concord City Council as the ex-officio Board of Directors, will continue to provide health care services pursuant to the Health and Safety Code, throughout the District's new jurisdictional boundary comprising the exterior boundaries of the cities of Concord and Pleasant Hill that are currently within the MDHCD including unincorporated islands and pockets within the city boundaries;
 - b. Prior to August 9, 2012, the MDHCD shall negotiate a fully-funded, closed plan with its existing health care beneficiaries resolving any currently unfunded health care benefit liability, solely utilizing District assets. Should the District fail to comply with this condition as of August 9, 2012, the Concord City Council shall, as the ex-officio Board of Directors of the MDHCD, transfer any District assets, including property taxes and other revenues received in subsequent years, to a fund established specifically for the purpose of addressing any existing health care benefit liability. Any such transfer(s) shall take precedence over other District expenditures;
 - c. All MDHCD assets and liabilities, real and fiscal, located within or identified with the areas being detached from the District, shall remain assets and liabilities of the MDHCD, a separate legal entity;
 - d. Three of the five seats previously appointed by the MDHCD Board to the Health Foundation Board will be assigned by the City of Concord, and the remaining two seats shall be assigned by the City of Pleasant Hill;
 - e. The territory being annexed will be liable for the continuation of authorized or existing special taxes, assessments and charges comparable to properties presently within the annexing agency, if any; and
 - f. From the time the reorganization is approved by the Contra Costa LAFCO until the date the LAFCO Certificate of Completion is filed and the City of Concord has become, ex officio, the Board of Directors of the District, the MDHCD is prohibited from taking the following actions: a) approving any increase in compensation or benefits for its directors, officers, employees or contractors; b) appropriating, encumbering, expending, or otherwise obligating, any funds of the agency for anything other than necessary and legally binding operating expenses and addressing condition 7b above relating to the unfunded health care liability; and 3) appropriating any additional funds from the District's Community Action Fund.

- 8. Authorize the completion of these proceedings, including protest proceedings, and without an election, unless at least 25% (and not more than 50%) of the registered voters within the District submit written protests to this proposal.

PASSED AND ADOPTED THIS 29th day of June 2012, by the following vote:

AYES: Blubaugh, Glover, McGill, Schmidt, Schroder, Tatzin

NOES:

ABSTENTIONS:

ABSENT: Butt (A), Meadows (M), Piepho (A)



DON TATZIN, CHAIR, CONTRA COSTA LAFCO

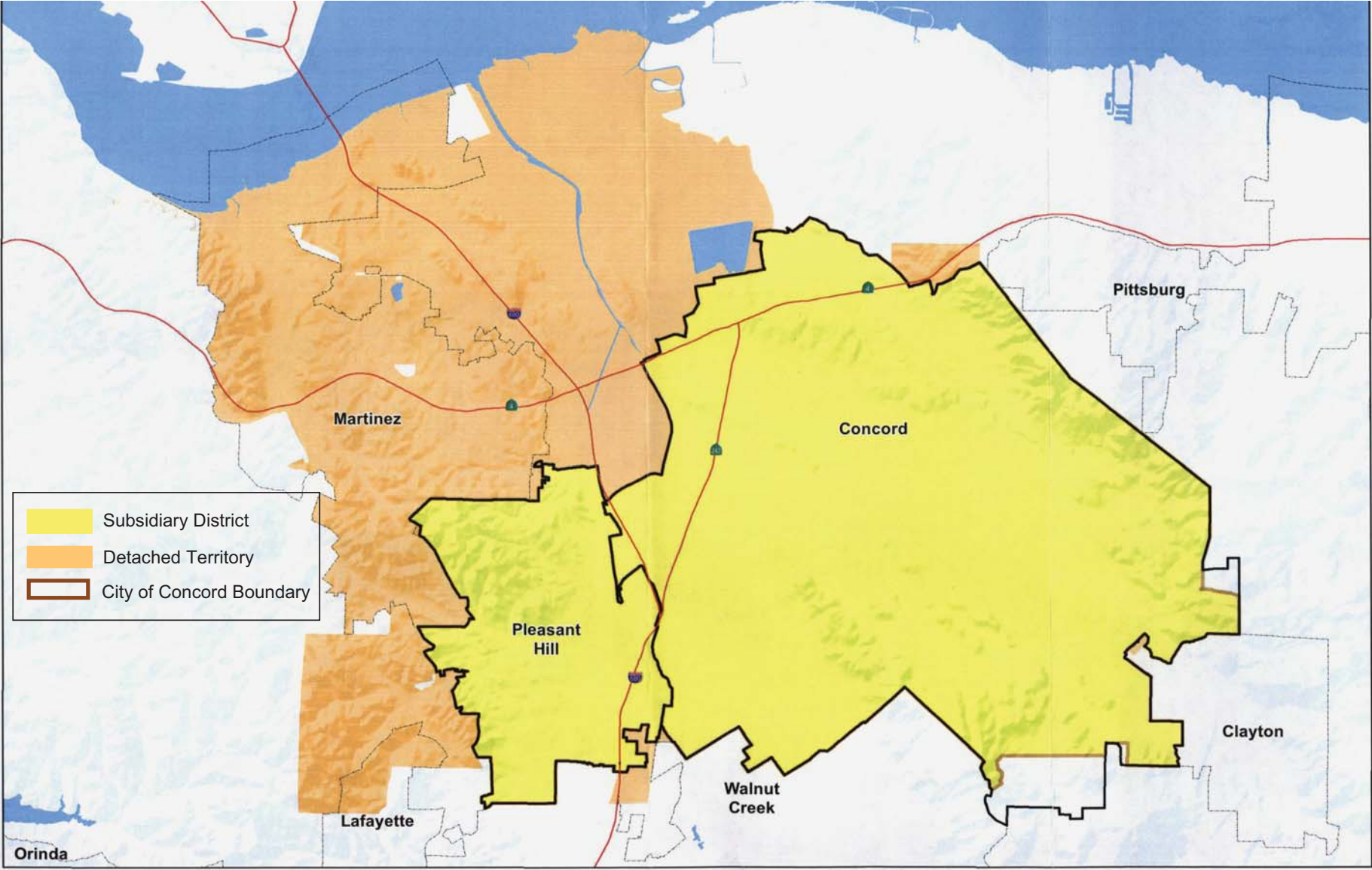
I hereby certify that this is a correct copy of a resolution passed and adopted by this Commission on the date stated.

Dated: June 29, 2012



Lou Ann Texeira, Executive Officer

LAFCO 12-02 - Mt. Diablo Health Care District Reorganization



Disclaimer:
Although every reasonable effort has been made to assure the accuracy of this data, the City of Concord makes no warranty, representation or guarantee as to the content, reliability, accuracy, timeliness or completeness of any of the data provided herein and expressly disclaims any representations and warranties.

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