



Lou Ann Texeira
Executive Officer

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September 14, 2016
 Agenda Item 9

September 14, 2016 (Agenda)

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

West Contra Costa Health Care District – Special Study Overview

Dear Commissioners:

BACKGROUND: The West Contra Costa Healthcare District (WCCHD) has struggled financially since the mid-1990s, experiencing increasing costs, declining reimbursements, and growing service demand from low-income, uninsured and underinsured populations. The WCCHD emerged from bankruptcy filed in 2006; however, the District was unable to regain financial solvency and fell further into debt. Eventually, WCCHD shut its hospital – Doctors Medical Center (DMC) - a full-service acute care facility, in 2015.

The WCCHD continues to function today with limited staff as it sells its building, equipment, and other property. Over the next 10-12 years, WCCHD will focus on paying off its outstanding debts and obligations, leaving essentially no funds available for health-related programs or services.

The closure of DMC resulted in a significant loss of hospital beds and emergency department facilities, as well as the elimination of other specialized services, in an underserved community with significant healthcare needs. After WCCHD extinguishes its debts, as much as \$9 million annually could be available for healthcare-related services and facilities.

DISCUSSION: In April 2016, LAFCO initiated a special study of the WCCHD. As provided for in the scope of work, the consultant collected and reviewed information and interviewed affected and interesting parties, including WCCHD, Contra Costa County Health Services Department, Los Medanos Community Healthcare District, and the City of Richmond.

The study evaluates a range of governance options for the District including consolidation, reorganization and dissolution. Some options would enable the continuation of property and possibly other taxes to fund healthcare purposes in the community; while other options provide

for dissolving WCCHD and naming a successor agency to wind-up the affairs of the District. The consultant will provide details regarding the governance options at the September 14th LAFCO meeting. It should be noted that AB 2910, the annual CALAFCO omnibus bill, was recently signed by the Governor. The bill includes a number of important clean-ups and also authorizes LAFCO to approve the dissolution of a healthcare district without an election under specific conditions.

The *Public Review Draft Special Study* was released on August 26, 2016. The Draft study was posted on the LAFCO website and notices were sent to affected agencies and interested parties informing them of the availability of the Draft study. The 30-day public comment period will end on September 23, 2016.

At the September 14, 2016 LAFCO meeting, the Commission will receive an overview of the special study and be asked to provide input and direction. Based on comments received at the September 14th LAFCO meeting, the consultant will make necessary updates and edits to the report. In October 2016, LAFCO will release the Final Draft report and solicit further public input. On November 9th, the Commission will be asked to accept the Final report and consider taking action to reorganize or dissolve the WCCHD.

RECOMMENDATION

Receive study overview, discuss and provide input and direction as appropriate.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

c: Distribution