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SPECIAL STUDY OF GOVERNANCE OPTIONS

WEST CONTRA COSTA HEALTHCARE
DISTRICT

Presentation to Contra Costa LAFCO
September 14, 2016

Brief History of the District

- WCCHD struggled financially beginning in the '90s
- Increasing costs, declining reimbursements, and growing service demand from low-income populations, the uninsured and underinsured
- Emerged from bankruptcy in 2006 but never regained solvency
- DMC closed in 2015

Health Care Needs

- Closure of DMC eliminated 124 acute care beds, including 25 emergency stations
- West Contra Costa left with 27 emergency stations at Kaiser Richmond
 - 1.1 stations/10,000 residents, less than half the County average
- Existing West County urgent care and primary care services are not utilized to their capacity, relatively lower income levels reduce healthcare options and increase certain health risks

Current Status of the District

- Maintains limited staff
- Disposing of assets, selling hospital building
- Next 10-12 years \$3-4 million property taxes and \$5.6 million parcel taxes will repay obligations
- Ongoing payments towards COPs, County advances, pension liabilities, elections, records maintenance
- No funds available for health-related uses

Governance Options

Status Quo

- No revenues for health purposes for 10-12 years
- Ongoing expenditures including \$450,000 for elections every two years
- Recent increases in unfunded pension liability
- Risk of financial shortfalls, particularly if DMC fails to sell
- After 10-12 years, over \$4 million (or more) available for health purposes

Governance Options

Consolidation w/Los Medanos HCD

- Continued use of taxes for health purposes after financial obligations repaid
- Consolidated board represents broader community of interest, WCCHD revenues could be spent outside of WCCHD area (unless zone is created)
- Consolidation would shift risks and liabilities to LMHCD
- LMCHD Board submitted letter expressing no interest in consolidating with or being a successor to WCCHD

Governance Options

Reorganize as Subsidiary District

- Continued use of taxes for health purposes after financial obligations repaid
- Economies of scale could reduce current admin. costs
- WCCHD boundaries would be reduced to 2/3's of current area and reduce revenues

Governance Options

Consolidation with CSA EM-1

- Continued use of taxes for health purposes after financial obligations repaid
- Economies of scale could reduce current admin. costs
- Initial discussions with County staff and officials indicate a lack of interest

Governance Options

Reorganize w/Creation of New CSA

- Continued use of taxes for health purposes after financial obligations repaid
- Complex process
 - definition of extended services
 - dual application
 - type of reorganization
 - consent of 5 cities
 - election required

Governance Options

Special Legislation

- District or County could seek special legislation to address some of the issues raised in other options
- Provide for Board of Supervisors to appoint board (no elections)
- Possible other cost savings through County-provided services
- Possible continued dependence, or return to independent board after 10 years
- Requires County cooperation (no voter approval)

Governance Options

Dissolution of WCCHD

- Eliminates WCCHD and redistributes property taxes to other entities (after winding up of affairs)
- Dissolution eliminates future use of WCCHD revenues for health purposes
- City of Richmond qualifies as “successor” to wind up affairs
- Preliminary discussions with City staff indicate capability to serve as success
- LAFCO or an affected agency could initiate dissolution
- AB2910 allows dissolution of a healthcare district without an election (under certain conditions)