



9/14/2016

LAFCO

651 Pine Street, 6th Floor
Martinez, CA 94553

Dear LAFCO Commissioners and Staff

Contra Costa Health Services strongly supports preserving options for the funding of health care services for the residents of West County. This critical funding should promote and optimize access to all levels including primary care, urgent and emergent care. Contra Costa Health Services agrees with the report's important findings that:

"Residents of West Contra Costa are faced with numerous challenges in achieving levels of health care that are more common in other parts of the County. The closure of Doctor's Medical Center (DMC) eliminated an important community resource."

The hospital closure not only eliminated 154 hospital medical surgical beds, 25 emergency department beds and 35 ICU beds it also impacted the community by reducing the availability of outpatient and urgent care medical and surgical services associated with the treatment of cancer, renal disease, diabetes and heart disease..

In light of the significant disparities¹ in emergency department beds that exist between East, Central and West County; we encourage LAFCO to consider a recommendation that will provide access to all levels of health care for West County residents and preserve existing healthcare funding to maintain and expand vital healthcare services in West County.

Respectfully,



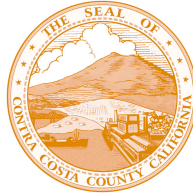
William Walker

¹ Impact Evaluation Report; June 13, 2014. <http://cchealth.org/dmc>



John Gioia (say “Joy-a”)
District One
Board of Supervisors

Contra Costa County



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El Cerrito, CA 94530
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September 14, 2016

LAFCO
651 Pine St., 6th Floor
Martinez, CA 94553

Re: West Contra Costa Healthcare District Special Study on Governance Options

Dear LAFCO Commissioners and Staff:

As the County Supervisor representing the area which covers most of the West Contra Costa Healthcare District (cities of Richmond, San Pablo, El Cerrito, Pinole and adjacent unincorporated communities), I want to provide some comments on behalf of West County residents regarding LAFCO’s Special Study.

The draft study is very thorough in setting forth the healthcare issues and needs in West County and the available governance options. The study clearly identified one of the major health care gaps in West County – the shortage of emergency rooms beds. Contra Costa County Health Services has also issued reports concluding that there is a critical shortage of emergency room beds in West County.

The LAFCO study accurately concludes that while there are 160 emergency medical treatment stations in Central County (for a population of 513,000) and 69 in East County (for a population of 303,900), there are only 27 in West County (for a population of 254,800). This disparity is striking.

Shortly after the closure of Doctors Hospital, the County, Kaiser, and John Muir Medical helped support the establishment of a vital Urgent Care facility across the street from the now closed Doctors Hospital. This facility, operated by LifeLong Medical (a non-profit community health clinic) serves an important need.

It is vital that existing tax revenues which are earmarked solely for local healthcare in West County be maintained to support the existing healthcare gaps that exist in West County. The West Contra Costa Healthcare District currently receives a portion of the 1% ad valorem property tax (totaling about \$3 million per year) and a \$52 per year voter approved parcel tax (totaling about \$6 million per year).

West County residents are served by a governance option which preserves this important funding (both the ad valorem property tax revenue and parcel tax revenue). Once the District’s debt is paid off, this existing funding can be used to support a range of healthcare services – primary care, urgent care or emergency care. Healthcare districts are authorized under state law to do

Email: John_Gioia@bos.cccounty.us • Website: www.cocobos.org/gioia

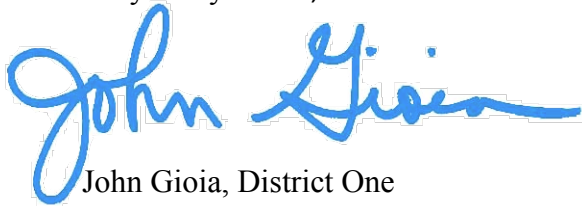
EAST RICHMOND HEIGHTS ♦ EL CERRITO ♦ EL SOBRANTE ♦ KENSINGTON ♦ MONTALVIN MANOR
NORTH RICHMOND ♦ PINOLE ♦ RICHMOND ♦ ROLLINGWOOD ♦ SAN PABLO ♦ TARA HILLS

more than operate hospitals – they are permitted to provide a broad range of healthcare services, including urgent care.

One of the possible governance options to help meet West County’s healthcare funding needs and which deserves further analysis and study is the option to create a new County Service Area for the express purpose of healthcare services in West County (page 31 of the study).

Thank you for the opportunity to provide input in this draft study.

Very Truly Yours,

A handwritten signature in blue ink that reads "John Gioia". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "Gioia".

John Gioia, District One

1630 N. Main St., #258
Walnut Creek, CA 94596-4609
September 14, 2016

Contra Costa Local Agency Formation Commission
651 Pine Street, 6th Floor
Martinez, CA 94553

Re: Comments on Public Review Draft Report: Special Study of Governance Options for the West Contra Costa Healthcare District (9/14/2016 Agenda Item 9)

Dear Commissioners:

The following comments are offered regarding the above-referenced report and the Commission's consideration of governance options:

1. **District finances**: Without reliable information, it's impossible to make informed decisions. Without audited financial reports, there's no clarity about District finances.

The District has issued no audited financial reports since December 31, 2013. It's disappointing this report fails to state this startling fact.

Even more troubling is the consultant's reliance on staff statements and "budget forecasts," which are no substitute for audited financials. Under current circumstances, the District cannot be considered a credible source of information.

Under the terms of the District's 2011 Certificates of Participation (COPs) financing program, continuing disclosure of financial condition is required. On October 16, 2015, the District advised the Municipal Securities Rulemaking Board (MSRB) that it would file its 2014 annual financial report no later than October 30, 2015; but this didn't happen (see: <http://emma.msrb.org/EP875132-EP677698-EP1079332.pdf>).

It is also noted that page 21 of the report states, "The District is in the process of refinancing its COPs to reduce its interest rate and interest costs . . ." No one will refinance COPs without audited financial reports! If the District is refinancing its COPs, then it must have audited financial reports as part of that refinancing application process, though no 2014 and 2015 audited financials have been presented to the District governing board for acceptance. This is all very puzzling.

The District says it will present audited financials by the end of 2016. Audited financial reports – that is, audited financials for *both* 2014 and 2015 – are prerequisite to decision making about Governance Options.

2. **“Long-Term WCCHD Budget Forecast” - Table 5, Page 17:** This table contains inaccurate information and raises more questions than answers. This table is incomplete because it doesn't show all revenues and expenditures. For example:
 - a. This table doesn't disclose the source of the information presented.
 - b. The District's annual ad valorem tax revenues are ~\$3.3 million. This total revenue figure isn't shown on this “forecast” because the County takes everything in excess of \$1 million off the top, pursuant to an agreement to repay the County loan. But it's still District revenue and should be shown as such.
 - c. The next California recession is anticipated by 2019. During the last financial downturn, assessed values dropped and, at times, were flat. The “forecast” and report don't acknowledge the likelihood of AV reductions over the long-term or address what happens if AV goes down.

Governance decisions require good quality information, not speculation.

3. **Certificates of Participation (COPs) debt obligations:** The report says the District is considering paying off its COPs early, but fails to explain how that's possible given their redemption restrictions. Why pay them off early if you don't have to? The outstanding COPs mature in 2042; certificates redeemed before 7/1/2032 carry a prepayment penalty.

Backup documentation and analysis is needed to support statements made in the report about the *net* results of early payoff.

4. **Hospital Sale Prohibited by Terms of COPs:** The Official Statement for the 2011 Certificates of Participation includes a “Summary of Principal Legal Documents - Appendix C.” The Official Statement is available at: <http://emma.msrb.org/ER546481-ER423315-ER825444.pdf>

Page 12 of Appendix C states, in part (emphasis added):

The Installment Sale Agreement may not be assigned by the District, and **the Facilities may not be sold by the District during the Term of the Installment Sale Agreement.** (“Facilities” is defined as “all of the District's health care facilities commonly known as Doctors Medical Center-San Pablo, located at 2000 Vale Road, San Pablo, CA 94806, and situated on the real property described in the Installment Sale Agreement.”)

An explanation is needed regarding how the District can sell its real estate, given this restriction. It appears the District may be refinancing COPs solely to circumvent this restriction on sale of the hospital.

5. **History/Status of County Loans:** This report could be improved by including a chronological table listing **all loans made by the county and all payments made by the**

District in connection with the property tax exchange agreement. This information should be readily available from the county auditor-controller's office.

6. **Conflict of Interest**: If the District were dissolved, creditors would suffer financial losses. District creditors include Contra Costa County. Therefore County Supervisors have a conflict of interest relative to a dissolution decision.

Commissioners Piepho and Glover should recuse themselves in this matter.

7. **Overly Rosy Outlook**: The report makes it sound as though "everything will be fine in a few years." That's not the case. Discussion on page 16 of the report says:

Assuming property taxes increase by at least 2.5% annually, and assuming that the Measure D parcel tax revenues are available for other purposes after the COPs are repaid, it is conceivable that available revenues, after expenses, could grow to more than \$9 million per year in 14 years, or by the year 2030.

Following the 2007/2008 economic downturn, there were times when assessed valuation was flat. Given the numerous variables and uncertainty involved, the report's assessment of the District's financial condition is unrealistic.

8. **Governance Options**: Of the six options identified in the report, District dissolution is the only reasonable alternative. The District has outlived its usefulness and should not continue to collect taxes from people who derive no benefit.

Since the 1990's County and District officials have told the public "everything will turnaround" with just one more tax increase, one more loan from the county, one more negotiation with a potential buyer, one more whatever. There is no turnaround coming – not then, not now.

We must confront reality so we can begin to solve the problem.

It is morally wrong to continue collecting taxes without providing public benefit; doing so in economically-disadvantaged West County is unconscionable. Dissolution of the District is the only reasonable alternative.

Thank you for your consideration.

Best regards,

/s/

Wendy Lack
Contra Costa resident

WEST CONTRA COSTA HEALTHCARE DISTRICT

Received by LAFCO
September 14, 2016
1:50 p.m.

September 14, 2016

Chairman Don Tatzin and members of the LAFCO
651 Pine Street, 6th Floor
Martinez, CA 94553

VIA EMAIL

Dear Chairman Tatzin and members of the LACO Board:

First, I want to thank you very much for conducting the special study on the future disposition of the West Contra Costa Healthcare District (District). In light of the unfortunate closure of Doctors Medical Center in April 2015, it is clearly the appropriate time to understand the various options that should be considered by your Commission, as well as our Board, regarding the future disposition of the District.

Unfortunately, our District is holding our Board meeting at approximately the same time as your meeting, so we cannot be attendance. I have reviewed the study and appreciate the opportunity to provide comments and input.

While the Board has not taken a position yet, and we will be discussing the study at today's Board meeting, I believe I can represent the following concerns and comments:

- Whatever the future holds for the District, it is critical to assure that the District's debt to Contra Costa County and our Certificates of Participation (COPS) are paid off in the required timeframes based on existing agreements.
- Secondly, once the debt is paid off, I recommend that LAFCO strongly consider maximizing the opportunity to keep existing tax revenues (assessed value and special parcel tax) to address existing and growing health care needs for the West County community.
- Third, I believe it would be prudent to minimize or eliminate any on-going expenses for the operations and administration of the District, including the costs of future district elections.
- Lastly, it is essential to assure the competent governance for the future oversight of District activities.

Thank you again for the opportunity to provide you my comments. We look forward to continue to work with LAFCO on the future disposition of the District. Our Board will provide

WEST CONTRA COSTA HEALTHCARE DISTRICT

a more formal Board position, once we have had the opportunity to discuss the study at today's meeting and take a position at our meeting in October.

Respectfully,



Eric Zell, Chair
West Contra Costa Healthcare District

CC: Lou Ann Texeira, Executive Officer
West Contra Costa Healthcare District Board
Bobbie Ellerston, Acting CEO