
West Contra Costa Healthcare District

Board of Directors

Wednesday, September 14, 2016

3:00 PM

San Pablo City Council Chambers

13831 San Pablo Avenue

San Pablo, CA

**WEST CONTRA COSTA HEALTHCARE DISTRICT
DOCTORS MEDICAL CENTER**

BOARD OF DIRECTORS MEETING

**WCCHD DOCTORS MEDICAL CENTER
BOARD OF DIRECTORS
MEETING
September 14, 2016 – 3:00 P.M. PST
San Pablo City Council Chambers
13831 San Pablo Ave.
San Pablo, CA 94806**

Board of Directors

*Eric Zell, Chair
Deborah Campbell, Vice Chair
Irma Anderson
Nancy Casazza
Beverly Wallace*

AGENDA

1. **CALL TO ORDER** E. Zell, Chair
2. **ROLL CALL**
3. **PUBLIC COMMENTS** E. Zell, Chair
*[At this time persons in the audience may speak on any items not on the agenda
and any other matter within the jurisdiction of the District Board]*
4. **APPROVAL OF MINUTES OF July 27, 2016**
5. **ADJOURN TO CLOSED SESSION** E. Shaffer, Legal Counsel
 - a. Conference with Real Property Negotiators (Gov. Code Section 54956.8) Regarding Pending Hospital Property Sale
Agency Negotiators: K. White, E. Shaffer; Buyer: Royal Guest Hotels
6. **ANNOUNCEMENT OF REPORTABLE ACTION(S) TAKEN IN CLOSED SESSION, IF ANY**
7. **FINANCIAL UPDATE** V. Scharr, Associate Administrator
 - a. Presentation
 - b. Public Comment
 - c. Discussion
 - d. *ACTION: For information only*
8. **APPROVAL OF REVISED CONFLICT OF INTEREST POLICY** B. Ellerston, Interim CNO
 - a. Presentation
 - b. Public Comment
 - c. Discussion
 - d. *ACTION: Approval of Policy*

9. CALPERS

B. Ellerston, Interim CNO

- a. Presentation
- b. Public Comment
- c. Discussion
- d. *ACTION: Decision on CalPers Coverage*

10. HOSPITAL CDPH LICENSE RENEWAL

B. Ellerston, Interim CNO

- a. Presentation
- b. Public Comment
- c. Discussion
- d. *ACTION: Decision on hospital license renewal*

11. BANK SIGNATORIES

B. Ellerston, Interim CNO

- a. Presentation
- b. Public Comment
- c. Discussion
- d. *ACTION: Approval to add Bobbie Ellerston to bank signatories*

12. WCCHD FINANCING CORP II

V. Scharr, Associate Administrator

- a. Presentation
- b. Public Comment
- c. Discussion
- d. *ACTION: Approval of dissolution of WCCHD Financing Corp II*

13. LAFCO REPORT

C. Coffey, Legal Counsel

- a. Presentation
- b. Public Comment
- c. Discussion
- d. *ACTION: For information only*

14. ADJOURNMENT OF MEETING

E. Zell, Chair

In compliance with the Americans with Disabilities Act, if you require special accommodations to participate in a District meeting, please contact the District Clerk at 510-970-5250 at least 48 hours prior to the meeting.

MINUTES
JULY 27, 2016

Agenda Item 4



West Contra Costa Healthcare District

BOARD OF DIRECTORS

**WCCHD DOCTORS MEDICAL CENTER
BOARD OF DIRECTORS
July 27, 2016 – 5:30 P.M.
San Pablo City Council Chambers
13831 San Pablo Ave.
San Pablo, CA 94806**

Board of Directors

**Eric Zell, Chair
Deborah Campbell, Vice Chair
Irma Anderson
Nancy Casazza
Beverly Wallace**

MINUTES

1. CALL TO ORDER

The meeting was called to order at 5:35 P.M.

2. ROLL CALL

Quorum was established and roll was called:

Present:

*Eric Zell, Chair
Irma Anderson
Beverly Wallace
Nancy Casazza*

Absent:

Deborah Campbell

3. PUBLIC COMMENTS

There were no public comments.

4. APPROVAL OF MINUTES OF July 13, 2016

The motion made by Director Wallace and seconded by Director Anderson to approve the July 13, 2016 minutes passed unanimously.

5. CLOSED SESSION

The meeting adjourned to Closed Session at 5:37 pm.

6. ANNOUNCEMENT OF REPORTABLE ACTION(S) TAKEN IN CLOSED SESSION, IF ANY

There were no reportable actions from closed session.

7. APPROVAL OF PRELIMINARY RESOLUTION FOR REFINANCING OF CERTIFICATE OF PARTICIPATION (COPS)

The preliminary resolution for refinancing of the COPS was provided for review and approval. The refinancing would be a savings of approximately \$1.9 – 2 million dollars and would pay off the debt sooner. It would be to lower the interest rate and would not include taking out additional money. A recommendation was made to revise the resolution, and remove the statement “and to finance certain working capital requirements of the District”. It was noted that the refinance would pertain to the 2004 COPS.

PUBLIC COMMENTS

There were no public comments.

The Preliminary Resolution for refinancing of the Certificate of Participation (COPS) passed with the following vote, with the noted revision: remove “and to finance certain working capital requirements of the District”:

Ayes– Chair Zell, Director Wallace, Director Anderson, Director Casazza

Nayes – 0

Abstain – 0

Absent – Director Campbell

8. SELECTION OF PLACEMENT OF AGENT/UNDERWRITER

Bids for the refinancing of the COPS have been sent to 3 companies, with 2 of them showing interest. Piper Jaffrey and Hilltop Securities, with Piper Jaffrey having experience in healthcare refinancing, are interested in the refinancing. The cost for Piper Jaffrey would be approximately \$70,000 and the cost for Hilltop Securities would be approximately \$40,000.

PUBLIC COMMENTS

There were no public comments.

The motion made by Director Anderson and seconded by Director Casazza to approve delegation of authority to the WCCHD Management, and the Chair of the WCCHD Board, for placement of the agent/underwriter, passed unanimously.

9. ADJOURNMENT OF MEETING

THE MEETING WAS ADJOURNED AT 6:10 P.M.



FINANCIAL UPDATE

Agenda Item 7

West Contra Costa Healthcare District: Projected Weekly Cash Flow Analysis

Week Ending	State Closing										Total
	9/16/16	9/30/16	10/14/16	10/28/16	11/11/16	11/25/16	12/9/16	12/23/16	1/6/17	Yale Property	
Beginning Cash Balance	1,326,000	1,203,959	917,078	795,037	584,370	471,369	260,703	143,182	(67,965)	(180,756)	13,297,500
Cash Receipts:											
Sale Receipts - 2000 Vale											13,297,500
Total Cash Receipts											13,297,500
Cash Payments:											
Payroll/Administration	33,541	33,541	33,541	29,021	24,501	29,021	29,021	24,501	24,291		260,977
Bookkeeping Services		4,000		4,000		4,000		5,000			5,000
Cost Report Audits and Settlement								4,000			16,000
Annual Financial & Pension Audits & Actuarial		1,000		1,000		1,000		1,000		80,000	80,000
IT Costs	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500		4,000
Other											4,000
Total personnel/consulting costs	37,041	42,041	37,041	37,521	28,001	37,521	32,521	38,001	27,791	80,000	397,477
Office Expenses (see separate tab)		2,000		2,000		2,000		2,000			8,000
Insurance (Beta, Alpha, J&G, State fund)		5,098		5,098		5,098		5,098			20,392
Security	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000		144,000
Utilities	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000		160,000
Landscaping		2,000		2,000		2,000		2,000			8,000
Property Insurance (POMS) - expires Mid May											
Total facilities costs	16,000	65,098	16,000	65,098	16,000	65,098	16,000	65,098	16,000	-	340,392
Worker Comp -LWP(Replenish/Admin Fee)	50,000	59,548	50,000	59,548	50,000	59,548	50,000	59,548	50,000		488,192
Legal		15,000		15,000		15,000		15,000			60,000
Lincoln - Pension Administration	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500		13,500
Records Storage		17,000		17,000		17,000		17,000			68,000
Fees and Other	17,500	15,000	17,500	15,000	17,500	15,000	17,500	15,000	17,500		147,500
Total other costs	69,000	108,048	69,000	108,048	69,000	108,048	69,000	108,048	69,000	-	777,192
Vendor Payments										317,000	317,000
Educational reimbursement										33,857	33,857
Medicare 2012 & 2013 Cost Report Settlements										513,522	513,522
May Special Election Cost										444,794	444,794
EDD 2016 1st, 2nd & 3rd Qtrs										265,194	265,194
EDD Payment - for 2015										1,300,000	1,300,000
Severance		71,695									71,695
Total post sale/other payments	-	71,695	-	2,874,367	2,946,062						
Total Cash Payments	122,041	286,882	122,041	210,667	113,001	210,667	117,521	211,147	112,791	2,954,367	4,461,123
Net Cash Flow for a Week	(122,041)	(286,882)	(122,041)	(210,667)	(113,001)	(210,667)	(117,521)	(211,147)	(112,791)	10,343,133	8,836,377
Total Cash Available	1,203,959	917,078	795,037	584,370	471,369	260,703	143,182	(67,965)	(180,756)	10,162,377	10,162,377

CONFLICT OF INTEREST POLICY

Agenda Item 8

WEST CONTRA COSTA HEALTHCARE DISTRICT

Title: Conflict of Interest	Reviewed: Revised: 8/24/2016
Effective Date: 5/23/2012 Expiration Date:	Page <u>1</u> of <u>3</u>

General Rule:

The District has adopted Section 18730 of Title 2 of California Code of Regulations, as it may hereinafter be revised, as the District's standing Conflict of Interest Code, supplemented by this Appendix. An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the employee's position.

Designated Employees in Category "1" Must Report:

All investments, interests in real property, income, including gifts and any business entity in which the person is a director, officer, partner, trustee, employee, or holds any position of management. Financial interest are reportable only if located within the Hospital District or if the business entity is doing business or planning to do business within the Hospital District (and such plans are known by the designated employee) or has done business within the Hospital District at any time during the two years prior to the filing of the statement.

Designated Employees in Category "2" Must Report:

Investments in any business entity and income, including gifts from any source and status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity, which, within the last two years has contracted or in the future foreseeably may contract with the West Contra Costa Hospital District to provide services, supplies, materials, machinery, or equipment.

EXHIBIT "A"

Designated Positions

Disclosure Category

Members of District Board of Directors	1 & 2
Members of the Governing Body	1 & 2
Chief Executive Officer	1 & 2
Chief Nursing Officer	1 & 2
Chief Operating Officer	1 & 2
Vice Presidents	1 & 2
Purchasing Agent	1 & 2

EXHIBIT "B"

Disclosure Categories

General Rule:

An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the employee's position.

Designated Employees in Category "1" Must Report:

All investments, interests in real property, income, including gifts and any business entity in which the person is a director, officer, partner, trustee, employee, or holds any position of management. Financial interest are reportable only if located within the Hospital District or if the business entity is doing business or planning to do business within the Hospital District (and such plans are known by the designated employee) or has done business within the Hospital District at any time during the two years prior to the filing of the statement.

Designated Employees in Category "2" Must Report:

Investments in any business entity and income, including gifts from any source and status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity, which, within the last two years has contracted or in the future foreseeably may contract with the West Contra Costa Hospital District to provide services, supplies, materials, machinery, or equipment.

Designated Employees in Category "3" Must Report:

Investments in any business entity and income from any source and status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity, which has within the last two years contracted, or foreseeably may contract with West Contra Costa Hospital District to provide services, supplies, materials, machinery, or equipment which are related to the following areas:



LAFCO REPORT

Agenda Item 13



**Berkson
Associates**

Urban Economics
Policy Forensics & Forecasting
Planning & Policy Analysis

PUBLIC REVIEW DRAFT REPORT

**SPECIAL STUDY OF GOVERNANCE OPTIONS
WEST CONTRA COSTA HEALTHCARE
DISTRICT**

Prepared for the Contra Costa Local Agency Formation Commission

Prepared by Berkson Associates

August 26, 2016



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1. INTRODUCTION

The West Contra Costa Healthcare District (the "District", or WCCHD) struggled financially beginning in the mid-1990's,¹ experiencing increasing costs, declining reimbursements, and growing service demand from low-income populations, the uninsured and underinsured. Although the District emerged from a 2006 bankruptcy, it never managed to regain financial solvency and fell further into debt. Eventually, in 2015, the District shut its hospital, a full-service acute care facility. The closure 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.

The District's Board continues to function with limited staff as it sells its building, equipment, and other property, and arranges for ongoing resolution of its outstanding debts and obligations. With limited available resources, significant debts and other ongoing costs, the District has no funds available for health-related programs; it faces potential future financial shortfalls and increases in debt, or even bankruptcy, particularly if its properties don't sell as anticipated. This adverse financial situation is likely to continue until the District's debt to the County and other outstanding financial obligations are repaid over the next 10-12 years. After the District extinguishes its debts, more than \$9 million annually could be available, after administrative expenses, for healthcare-related services and facilities for residents of west Contra Costa County.

PURPOSE OF THE STUDY

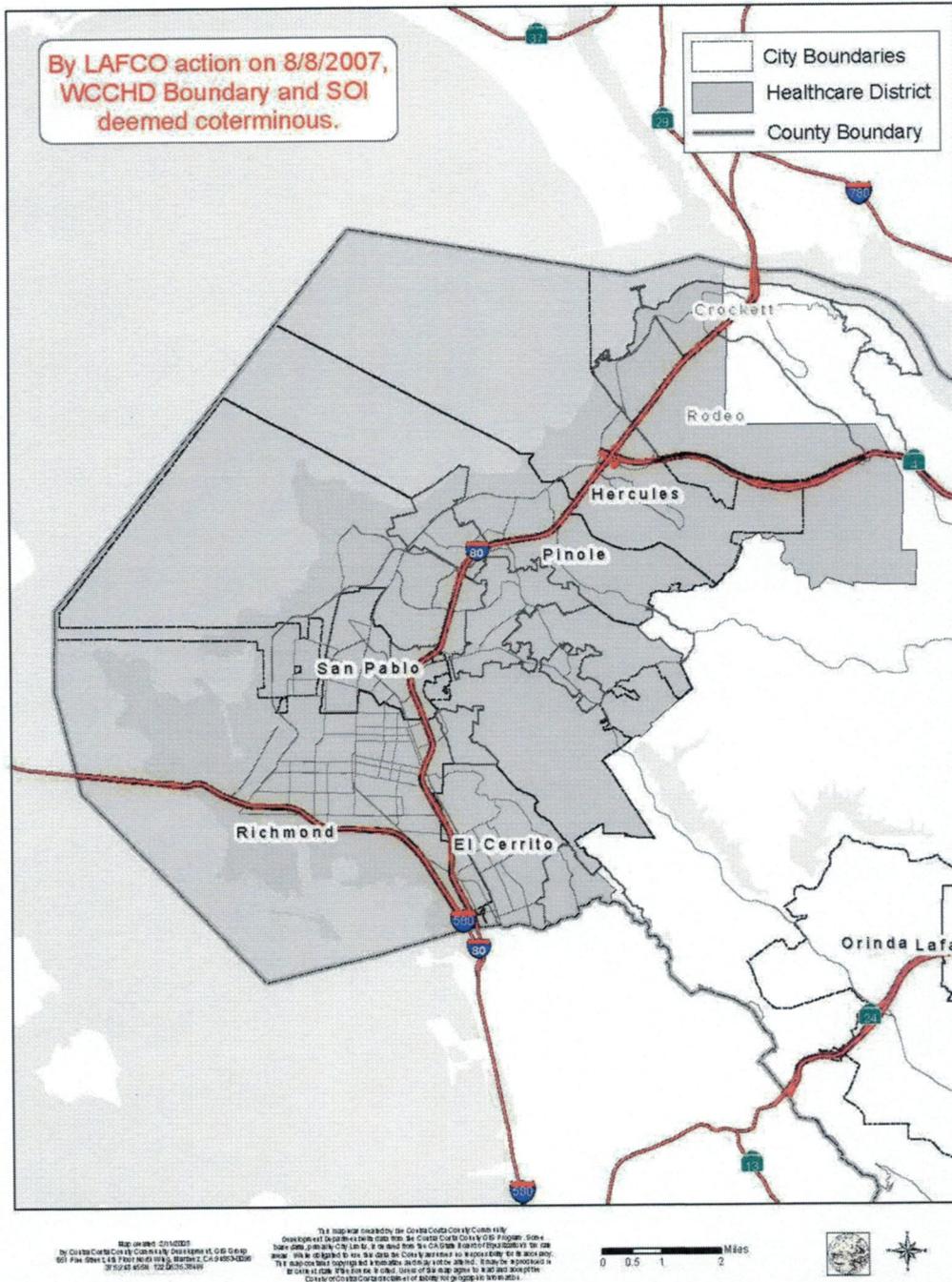
Because the District no longer operates a hospital, the primary purpose for which it was formed, and it does not provide any other health-related services, it is a candidate for dissolution, consolidation or reorganization. Dissolving the District would re-distribute its share of the ad valorem property taxes to other taxing entities. At this point, it is unclear whether any successor to the District would continue to collect the Measure D (2004) special tax proceeds after all existing debt is satisfied.

State law authorizes LAFCO to undertake special studies to evaluate district dissolution, and options to dissolution. This special study of the WCCHD evaluates a range of alternatives, some of which might allow the continued use of the ad valorem property tax proceeds for healthcare purposes in west Contra Costa County. LAFCO will consider the findings of this Special Study,

¹ Impact Evaluation Report: Doctors Medical Center San Pablo Potential Closure of Emergency Services, Prepared by the Contra Costa Emergency Medical Services Agency, June 13, 2014

take public input at a public hearing, and may initiate actions to facilitate one of the options. Other affected local agencies may also consider the findings of this report to initiate actions.

Figure 1: WCCHD Boundaries



2. SUMMARY OF FINDINGS

This report documents current and potential future conditions of the WCCHD, and describes governance options, including dissolution, along with options that can help to address current healthcare needs.

The various governance options and related findings are further explained in subsequent sections of the report.

1. SIGNIFICANT HEALTHCARE NEEDS EXIST IN WEST CONTRA COSTA COUNTY

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 and reduced the number of emergency room beds in West County (already underserved compared to other parts of the County) from 40 to 15. The existing urgent care and primary care services are not utilized to their capacity, and relatively low income levels reduce healthcare options and increase certain health risks.

2. JUSTIFICATION EXISTS TO DISSOLVE THE WCCHD DUE TO THE LOSS OF THE HOSPITAL, LACK OF SERVICE, AND OVERWHELMING DEBT

The WCCHD no longer owns and operates a hospital, which was its primary function. Over the next 10 years, no significant amount of revenue will be available for healthcare services, and the District is at risk of financial shortfalls and potential future bankruptcy.

However, dissolution with no service continuity would eliminate millions of dollars in funding for healthcare in the community.

3. ORGANIZATIONAL OPTIONS EXIST THAT ARE LESS COSTLY THAN STATUS QUO

The elimination of governing board elections would save the District \$450,000 every two years, or several million dollars over 10 years in election costs. The options described in this report are intended to create economies of scale by combining administrative functions with other existing agencies.

Some options could preserve the District's share of the ad valorem property tax revenues for healthcare purposes. The two most promising options in this regard are special legislation that would allow the Board of Supervisors (BOS) to appoint the District's governing body, and the creation of a new CSA to provide additional healthcare services in the same geographic area as the District. Whether either option would allow the successor to continue to collect the

Measure D (2004) special tax proceeds indefinitely into the future would likely depend on the nature of the future service and would require further legal analysis at that time.

4. SPECIAL LEGISLATION

The District or the County could seek special legislation that would allow the BOS to appoint the District's governing body. The BOS could decide to appoint themselves or members of the community. The appointed board could be either permanent or temporary (e.g., during ten year debt repayment period). This option would keep the District intact while eliminating election costs, and enable County oversight during the next ten-year period of relative inactivity by the District. This District could remain County-dependent, or return to independence in the future. This option would require the County's cooperation but would not require voter approval.

5. THE COUNTY COULD CONSIDER CREATING A NEW COUNTY SERVICE AREA TO PROVIDE ADDITIONAL HEALTHCARE SERVICES IN THE SAME GEOGRAPHIC AREA AS THE WCCHD

County service areas (CSAs) are formed to fund "miscellaneous extended services" that a county is authorized by law to perform and does not perform to the same extent countywide (Gov. Code, § 25213). The County could consider creating a new CSA, with the approval of the cities within the WCCHD service area and, essentially, annex the District into the new CSA. It is worth considering whether this option could be used to pay off existing debt while preserving future revenues for healthcare. This option would likely eliminate or significantly reduce administrative costs and the cost of elections. The Contra Costa County Health Services Department, which would manage the reorganized district, provides a broad range of programs, including programs and facilities within WCCCD boundaries; and existing staff have the experience and expertise to augment needed service in West Contra Costa when revenues are available.

This option requires concurrence by the Board of Supervisors, and will require approval by voters within the WCCHD (Gov. Code §25211.4(f)).

3. HEALTHCARE DISTRICTS IN CALIFORNIA AND CONTRA COSTA COUNTY

Since Contra Costa LAFCO prepared its Municipal Service Review (MSR) of healthcare services in 2008, financial conditions have become even more challenging for health providers, including healthcare districts. From 1996 to 2014, 12 healthcare districts have filed for chapter 9 bankruptcy, including WCCHD.²

As described in the 2008 MSR, the healthcare industry “in general is going through changes, many of which are financially driven...Hospitals and their medical staffs are experiencing declining public financing through Medi-Cal and Medicare. Costs for construction and personnel are rising, and the overall emphasis by consumers and their medical providers for expensive technologies are driving costs up. In addition, human resources gaps at all health provider levels threaten the stability of providers in the provision of services, especially hospitals, when attempting to staff beds. Other unique legislative parameters also face California hospital providers. California remains the only state with required nurse staffing ratios, and hospitals are continuing to grapple with the State-mandated seismic retrofit requirements...”³

These changes in healthcare have dramatically altered the type and availability of healthcare facilities and services, including facilities and services provided by healthcare districts.

HEALTHCARE DISTRICTS IN CALIFORNIA

California at the end of World War II faced a shortage of hospital beds and acute care facilities, especially in rural areas. In 1945, the Legislature enacted the Local Hospital District Law to establish local agencies to provide and operate community hospitals and other healthcare facilities in underserved areas, and to recruit and support physicians. In 1993, the State Legislature amended the enabling legislation renaming hospital districts to healthcare districts. The definition of healthcare facilities was expanded to reflect the increased use and scope of outpatient services.

² California Healthcare Districts in Crisis, Marc Joffe, January 22, 2015.

³ Final Public Healthcare Services Municipal Services Review, Prepared for Contra Costa Local Agency Formation Commission, Dudek and The Abaris Group, Approved August 8, 2007.

Healthcare districts are authorized to provide a broad range of services, in addition to the operation of a hospital.⁴ Under the Health and Safety Code, healthcare districts may provide the following services:

1. Health facilities, diagnostic and testing centers, and free clinics
2. Outpatient programs, services, and facilities
3. Retirement programs services and facilities
4. Chemical dependency services, and facilities
5. Other healthcare programs, services, and facilities
6. Health education programs
7. Wellness and prevention programs
8. Support other healthcare service providers, groups, and organizations
9. Ambulance or ambulance services
10. Participate in or manage health insurance programs

As reported by the California Policy Center, 78 healthcare districts in California provide a variety of services authorized by State statutes.⁵ Of the 78 districts, 30 do not operate hospitals, and instead have diversified into other medical services.

Healthcare districts are commonly funded through a share of property taxes and by grants from public and private sources. Healthcare districts are special districts with the typical powers of a district such as the authority to enter into contracts, purchase property, issue debt and hire staff.

HEALTHCARE DISTRICTS IN CONTRA COSTA COUNTY

In addition to the WCCHD, two other healthcare districts exist in the County. Each district is distinctly different from the WCCHD, but both provide examples of healthcare districts that no longer own and operate hospitals.

The Los Medanos Community Healthcare District (LMCHD) represents one option for consolidation with the WCCHD, as described in **Chapter 6**.

⁴ Local Health Care District Law (California Health and Safety Code Section 32000 et seq.)

⁵ California Health Care Districts in Crisis, Marc Joffe, January 22, 2015.



CONCORD/PLEASANT HILL HEALTH CARE DISTRICT

The Mt. Diablo Healthcare District (MDHCD) was reorganized in 2012 to become a subsidiary district to the City of Concord, and subsequently renamed the Concord/Pleasant Hill Health Care District.⁶

The MDHCD transferred its hospital to John Muir Health in 1996, but continued to use its property tax, which averaged about \$200,000 per year, for grants to local organizations and for a variety of educational and other health-related programs. The MDHCD also occupied seats on the John Muir Community Health Foundation board that distributes \$1 million a year for health services grants. Over the years, the MDHCD had been the object of several Grand Jury reports calling for it to be disbanded, and eventually MDHCD was reorganized as the smaller subsidiary district by LAFCO. Staff, board, election and other administrative costs were eliminated, but many of the healthcare functions continued, including ongoing membership on the Health Foundation board, and distribution of grants.

LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT

The Los Medanos Community Healthcare District (LMCHD) serves the Pittsburg and Bay Point areas in eastern Contra Costa County, an area with a population of approximately 82,000.⁷ LMCHD operated the Los Medanos Community Hospital up until 1994, when the hospital closed due to financial difficulties and the District was forced to declare bankruptcy. The District has recovered from that condition and retired the remaining bankruptcy debt in 2007, five years ahead of schedule.

The LMCHD is actively involved in organizing and sponsoring programs and events which provide wellness and prevention services as well as raise the community's awareness about important health issues. The LMCHD partners with Contra Costa Health Services (CCHS) by leasing its former hospital facilities to CCHS for use as the Pittsburg Health Center, which includes a CCHS clinic and other public health services.⁸

The dissolution of the LMCHD was considered in 1999, but never completed.

⁶ Resolution No. 13-007, September 2013.

⁷ Contra Costa LAFCO Directory of Local Agencies, August 2015.

⁸ Public Healthcare Services Municipal Service Review, prepared by Dudek and The Abaris Group for Contra Costa LAFCO, approved August 8, 2007

4. HEALTH CARE IN WEST CONTRA COSTA

Residents of West Contra Costa are faced with numerous challenges in achieving levels of healthcare that are more common in other parts of the County. The closure of DMC eliminated an important community resource, existing urgent care and primary care services are not utilized to their capacity, relatively lower income levels reduce healthcare options and increase certain health risks. The continued use of WCCHD property taxes and parcel taxes, after its obligations are repaid, represent an opportunity to maintain and enhance levels of care to the community.

COMMUNITY OVERVIEW

A large portion of West County households, home to 246,000 residents, fall below the Federal Poverty line. **Table 1** summarizes key demographic characteristics of the service area population.

Table 1: Key Factors Influencing Health Status

Area	Percent in Poverty	Percent without Health Insurance	Percent without High School Diploma
California	13.71%	17.92%	19.32%
Contra Costa County	8.99%	11.86%	11.58%
West Contra Costa (1)	12.82%	16.15%	17.76%

(1) West Contra Costa area data from Kaiser service area, which approximately corresponds to the boundaries of WCCHD.

Source: 2013 Community Health Needs Assessment, Kaiser Foundation Hospital - Richmond

The area is geographically isolated from the rest of the County, and major traffic corridors can become heavily congested, making access to healthcare facilities and alternatives to the closed DMC more difficult.

HEALTHCARE NEEDS

As described by the Contra Costa EMS Agency, citing the Contra Costa 2013 Risk-Based Initiative Pilot Project,⁹ individuals below the Federal poverty line are more at risk than others for increased mortality and morbidity during disaster. West County residents are at increased risk based on those criteria and have fewer resources for community resiliency. The groups most likely to be affected are the elderly, children, diabetics and individuals with respiratory diseases and special needs.

The Community Health Needs Assessment (CHNA) prepared by Kaiser for the Richmond area prioritized community health needs, as listed below.¹⁰ The assessment was based on a range of data sources, key informant interviews, and included community input from focus groups consisting of low-income and vulnerable populations in west Contra Costa County.

1. Violence prevention
2. Local, comprehensive and coordinated primary care, including peri-natal care
3. Economic security
4. Asthma prevention and management
5. Affordable community-based mental health services
6. Healthy eating
7. Safe outdoor spaces
8. Exercise and activity
9. Local specialty care for low-income populations
10. Affordable community-based substance abuse services

The 2013 CHNA will be updated in 2016. While the demographic characteristics and health needs of the community probably have not changed significantly, the loss of DMC is likely to influence facility and service gaps.

SERVICES, FACILITIES AND PROVIDERS

A range of services, facilities and healthcare providers, briefly summarized below, serve and help to address needs of residents of West Contra Costa. Most of the options considered in this

⁹ Impact Evaluation Report: Doctors Medical Center San Pablo Potential Closure of Emergency Services, Prepared by the Contra Costa Emergency Medical Services Agency, June 13, 2014.

¹⁰ 2013 Community Health Needs Assessment, Kaiser Foundation Hospital – Richmond

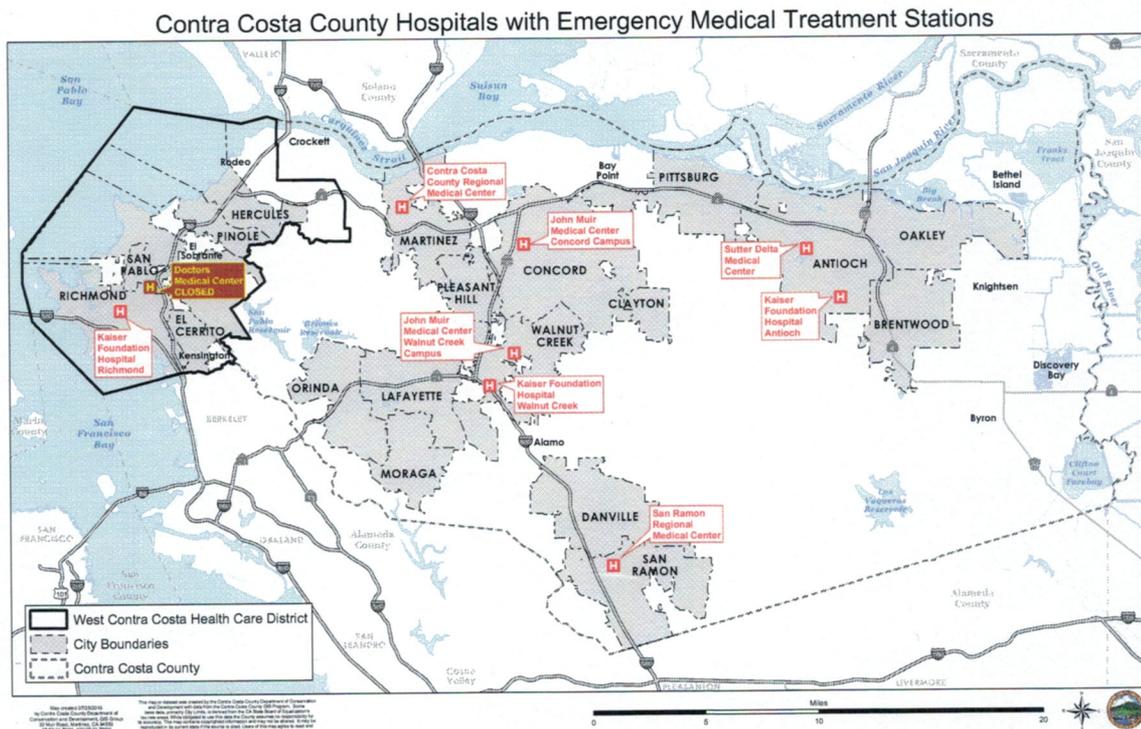
report will have significant financial resources in the longer term after obligations are repaid (i.e., post-10 years) in excess of \$9 million annually (after administrative expenses) to apply towards needed services, facilities and programs.

HOSPITALS

DMC was one of nine acute care hospitals providing emergency services serving Contra Costa County, as shown in **Figure 2**. The closure of DMC left one remaining hospital within WCCHD boundaries, Kaiser Richmond.

The loss of DMC eliminated (per 2013 activity records) 124 general acute care beds, including 102 medical surgical, 22 ICU beds and 25 Emergency Department (ED) stations. In 2013, The DMC ED served 32,347 individuals with 18% meeting criteria for severe or critical conditions.¹¹

Figure 2: Hospitals within the Region



Sutter Health, owner of Alta Bates Hospital in Berkeley, which absorbed some of the patients following the closure of DMC, said it will close the inpatient hospital and its emergency department sometime in advance of 2030; the closure reportedly is due to Alta Bates inability to

¹¹ ALIRTS Utilization Report, Report Year 2014.

comply with state seismic standards triggered in 2030. This closure will compound the difficulty in providing emergency medical services to West County residents.

SPECIALTY MEDICAL SERVICES

Prior to its closure, DMC served as the only designated ST Elevation Myocardial Infarction (STEMI) high-risk heart attack center. In 2013, DMC received 78 high-risk heart attack patients via EMS with another 500 patients who were either self-transported or transferred from other area emergency departments for urgent and/or elective cardiac intervention.¹²

Up until 2006, DMC operated a burn center to treat patients suffering from severe burns, which was an important resource in the County. The burn center closed just prior to the 2006 bankruptcy in February 2006.

DMC was a Primary Stroke Receiving Center for West County residents, serving 50% of West County stroke patients; in 2013, DMC received 127 suspected stroke patients from the field via EMS, 87 of whom met EMS stroke alert criteria (critical stroke suspected).¹³

Residents of the service area now have to travel to the Oakland Children's Hospital and Research Institute for pediatric specialty and inpatient needs, and to the Contra Costa Medical Center in Martinez for public inpatient and outpatient services.¹⁴

TRAUMA SERVICES

DMC was not a Contra Costa designated trauma receiving center; however, the emergency department frequently dealt with trauma associated with the high incidence of violence in the community. In 2013, DMC transferred 17 trauma patients to a designated trauma center. It was not unusual for the facility to be the "drop point" for patients who arrived by private vehicle, requiring stabilization and transfer to a higher level of care if needed. The closure of DMC was anticipated to have a significant adverse impact on the community, with a likely increase in mortality.¹⁵

¹² Impact Evaluation Report, 2014.

¹³ Impact Evaluation Report, 2014.

¹⁴ 2013 Community Health Needs Assessment, Kaiser Foundation Hospital – Richmond

¹⁵ Impact Evaluation Report, 2014.

EMERGENCY SERVICES

Prior to closure of DMC, West County hospitals experienced more emergency patient visits per emergency treatment station than the County as a whole. The loss of DMC was anticipated to result in prolonged ER wait times at Kaiser and other hospitals in the region.¹⁶

With the closure of DMC, which reduced the number of emergency room beds in West County (already underserved compared to other parts of the County) from 40 down to 15, West County has the fewest emergency medical treatment stations compared to other regions within the County. **Table 2** shows emergency facilities by hospital within Contra Costa County. The number of ER stations in West County has increased to 27, but still provides less than half the County average relative to its population. This reduction in ER stations increases the number and length of transport of ambulance patients, increasing by 20% the transports that must now be diverted out of County.

Table 2: Emergency Medical Treatment Stations by Contra Costa Region

General Acute Care Facility	City	County Area		
		West	Central	East
CONTRA COSTA REGIONAL MEDICAL CENTER	Martinez		20	
SUTTER DELTA MEDICAL CENTER	Antioch			32
JOHN MUIR MEDICAL CENTER-WALNUT CREEK CAMPUS	Walnut Creek		44	
KAISER FOUNDATION HOSPITAL - WALNUT CREEK	Walnut Creek		52	
JOHN MUIR MEDICAL CENTER-CONCORD CAMPUS	Concord		32	
SAN RAMON REGIONAL MEDICAL CENTER SOUTH BUILDING	San Ramon		-	
SAN RAMON REGIONAL MEDICAL CENTER	San Ramon		12	
KAISER FOUNDATION HOSPITAL - RICHMOND CAMPUS (1)	Richmond	27		
KAISER FOUNDATION HOSPITAL - ANTIOCH	Antioch			37
TOTAL STATIONS	256	27	160	69
Population	1,072,000	254,800	513,300	303,900
Stations/10,000 Population	2.4	1.1	3.1	2.3

Source: ALIRTS Utilization Report, Report Year 2015; population from American Community Survey, 2014

(1) Kaiser Richmond had 15 emergency stations in 2015 when DMC closed.

¹⁶ Impact Evaluation Report, 2014.



DMC also served as a resource for dialysis patients who received their care at San Pablo Dialysis or El Cerrito Dialysis. During 2013, some 88 dialysis patients were transported to DMC for emergency services.

OTHER HEALTHCARE FACILITIES

A number of other healthcare facilities are available to residents within WCCHD boundaries, as listed in **Appendix A**, including new and expanded urgent care facilities near the former DMC site, which opened to help fill the gap left by the DMC closure. Kaiser Richmond also expanded its emergency department facilities following the closure. Other non-profit organizations providing health services to the community are described in Kaiser's 2013 CHNA for West Contra Costa County.

5. WEST CONTRA COSTA HEALTHCARE DISTRICT

West Contra Costa Healthcare District (the "District") is a public agency organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California [citation]. The District was formed in 1948 for the purpose of building and operating a hospital to benefit the residents of West Contra Costa County. A Board of Directors elected from within the District boundaries governs for specified terms as shown in **Table 2**. The District operated a full-service acute care facility until its closure in 2015, providing services to both inpatients and outpatients. The District provided healthcare services primarily to individuals who reside in the local geographic area.

Table 3: WCCHD Board Members

Position	Name	Term Expires
Chairperson	Eric Zell	Dec. 2016
Vice Chair	Deborah Campbell, RN	Dec. 2016
Treasurer	Irma Anderson, RN	Dec. 2018
Secretary	Nancy Casazza, RN	Dec. 2018
Assistant Secretary	Beverly Wallace	Dec. 2018

The District's Board continues to function with limited staff as it sells its building, equipment, and other property, and arranges for ongoing resolution of its outstanding debts and obligations.

ASSESSED VALUE AND POPULATION

The WCCHD is comprised of five cities, in their entirety, and portions of unincorporated Contra Costa County. Property taxes and parcel taxes are collected from within these boundaries.

Table 3 describes key characteristics of the District.

Table 4: Summary of Assessed Value, Population and Area within the WCCHD Boundaries

Area	Secured A.V. (1)		Population (2)(3)		Area	
	\$Billions's	% of Total	Amount	% of Total	Sq. Miles (3)	% of Total
Richmond	\$11.85	43.4%	110,378	44.8%	30.0	44.0%
El Cerrito	\$3.55	13.0%	24,378	9.9%	3.9	5.7%
Hercules	\$3.01	11.0%	24,791	10.1%	8.1	11.9%
Pinole	\$2.05	7.5%	18,739	7.6%	11.6	17.0%
San Pablo	\$1.48	5.4%	30,829	12.5%	2.5	3.7%
Total, Cities	\$21.94	80.4%	209,115	84.9%	56.1	82.4%
Unincorporated	\$5.34	19.6%	37,284	15.1%		
TOTAL, WCCHCD	\$27.28	100.0%	246,399	100.0%	68.1	100.0%

(1) Contra Costa County Assessor's Office

(2) Source: E-1: City/County Population Estimates with Annual Percent Change, estimated population 1/1/16

(3) Contra Costa LAFCO, Directory of Agencies, August 2015.

Note: Richmond excludes 22.6 acres underwater.

7/23/16

WCCHD FINANCIAL RESOURCES

Although WCCHD's annual revenues currently exceed \$8 million annually and it no longer operates a hospital, those revenues are largely dedicated to repayment of WCCHD debt obligations and basic administrative costs, leaving virtually no funds available for discretionary purposes. The District is relying on the sale of its hospital building to help fund operations in the near-term and over the next 10 years; delays in the sale will compound the risk of financial shortfalls.

Table 5 shows the District's 10-year annual forecast of revenues and expenditures, extended through the year 2030. The forecast assumes the "Status Quo" with continued Board elections, repayment of existing obligations, and minimal staffing and contract services for ongoing financial reporting and related services.

The forecast projects annual shortfalls ranging from about \$700,000 to \$1.5 million every year through 2025, funded by the \$13.6 million of property sale proceeds anticipated by the fourth quarter of 2016. The sales proceeds may be fully spent by 2024, resulting in potential deficits of up to \$1.1 million cumulatively by 2025.



After WCCHD debts are repaid, some of the revenues previously dedicated to debt repayment should be available to fund programs. The County cash advance should be repaid by 2026, resulting in an additional \$2.3 million to WCCHD that could be utilized for health-related programs. After the District's Certificates of Participation (COPs) are repaid in full by 2029, the \$5.6 million in parcel tax revenues will no longer be needed for that purpose. 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.