

**ALAMEDA LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 2013-14**

**Adopting Municipal Service Review Determinations, Sphere of Influence Determinations, and
Updating the Sphere of Influence for the Eden Township Healthcare District**

WHEREAS, Government Code Section 56425 et seq. requires the Local Agency Formation Commission (LAFCo) to develop and determine the sphere of influence (SOI) of each local governmental agency under LAFCo jurisdiction within the County; and

WHEREAS, Government Code Section 56425(g) requires that LAFCo review and update adopted SOI boundaries, as necessary, not less than once every five years; and

WHEREAS, Government Code Section 56430 requires that a municipal services review (MSR) be conducted prior to or in conjunction with a SOI update; and

WHEREAS, LAFCo conducted a municipal services review of the services provided by the Eden Township Healthcare District; and

WHEREAS, the Eden Township Healthcare District has a SOI that is coterminous to the District's jurisdictional boundary; and

WHEREAS, no change in regulation, land use or development will occur as a result of updating the District's SOI; and

WHEREAS, in the form and manner prescribed by law, the Executive Officer has given notice of a public hearing by this Commission regarding the SOI update action; and

WHEREAS, the MSR determinations, the SOI determinations and the SOI update was duly considered at a public hearing held on November 14, 2013; and

WHEREAS, the Alameda LAFCo heard and received all oral and written protests, objections and evidence that were made, presented or filed, and all persons present were given an opportunity to appear and be heard with respect to any matter pertaining to said action.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that the Alameda LAFCo hereby:

1. Adopt the following MSR determinations:
 - a. *Growth and Population Projections*
 - i. As of 2010, the population within Eden Township Healthcare District (ETHD) was 360,113. Based on ABAG growth projections the population of ETHD is anticipated to be 437,897 by 2035.
 - ii. ETHD reported that growth patterns had not been affecting service demand in the last few years. Limited growth is anticipated by the District within the ETHD boundary area in the next several years; however, no formal projections were made.
 - iii. Castro Valley and Eden areas are mostly built out, and limited growth is anticipated from potential infill development. Future moderate growth is expected in the San Lorenzo area due to an increase in retail at San Lorenzo Village Center and a rise in student population. Increase in retail at a shopping plaza may cause additional population move into the area for work and/or pleasure.

- b. Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence
- i. Using Census Designated Places, Alameda LAFCo determines that there are no disadvantaged unincorporated communities that meet the basic state-mandated criteria within the County. Alameda LAFCo recognizes, however, that there are communities in the County that experience disparities related to socio-economic, health, and crime issues, but the subject of this review is municipal services such as water, sewer, and fire protection services to which these communities, for the most part, have access.
- c. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies
- i. With occupancy rates of 89, 67 and 60 percent in the three ETHD rental properties, the District appears to have enough capacity to serve the medical office rental demand. Although the regional supply of office space is unknown, because there is still office space available for rent in ETHD's buildings it can be inferred that additional capacity exists to satisfy possible demand for medical space.
 - ii. Due to legal fees, ETHD suspended grant giving in FY 10-11. It did not have enough financial capacity to provide grants to community organizations. Grantmaking resumed in FY 11-12.
 - iii. The ETHD's grant giving services appear to be adequate as it employs effective grant management measures, such as internal control systems, pre-grant review, pre-award process, managing performance, and assessing and using results.
 - iv. Infrastructure needs include minor tenant improvements in Eden Medical Building and Dublin Gateway Center.
- d. Financial Ability of Agency to Provide Services
- i. ETHD reported that its financing levels were adequate to deliver services. Although because of the high legal fees the District suffered a large operating loss in FY 10-11, all legal fees are now paid off and ETHD is expecting its expenditures to decrease and revenues to increase due to increase in rents and higher occupancy rates in its rental properties.
 - ii. ETHD does not receive any property tax, special tax, or benefit assessment income. Its main source of revenues is rental income from rental properties.
 - iii. In FY 10-11, ETHD's expenses exceeded revenues by over \$5 million. The operating loss was \$4.4 million. In FY 12-13, the operating loss was \$2.3 million, while overall expenses exceeded revenues by \$3.5 million.
 - iv. At the end of FY 10-11, ETHD had an unrestricted cash balance of \$16 million, which constitutes about 24 months of operating expenditures that included salaries and benefits, purchased services, rental property operation and management, grants, and depreciation.
 - v. Current District's long-term debt amounts to \$44.9 million. In addition, ETHD owes Sutter Health \$17 million in damages, which are expected to be paid off over the course of 12 years.
- e. Status and Opportunities for Shared Facilities
- i. ETHD shares its resources through grant funding with various community and healthcare organizations and hospitals.
 - ii. ETHD collaborated with other healthcare providers to try to keep St. Rose Hospital from closing.
 - iii. No further opportunities for shared facilities were identified.
- f. Accountability for Community Services, Including Governmental Structure and Operational Efficiencies
- i. ETHD is governed by a five-member Board of Directors. The Board updates constituents, solicits constituent input, discloses its finances, and posts some of its public documents on its website.

- ii. In addition to maintaining status quo, three governance structure options with regards to ETHD were identified: 1) Annexation of City of Dublin by ETHD; 2) Dissolution; and 3) Consolidation with Washington Township HD.
 - iii. ETHD demonstrated accountability in its cooperation with LAFCo's information requests.
2. Adopt a provisional coterminous SOI, as generally depicted in Exhibit A attached hereto, with the following condition:
- a. The District report back to LAFCo by June 30, 2014 on progress made on implementing the District's strategic plan priorities and related action plan as adopted by the District Board of Directors on May 15, 2013.
3. Consider the criteria set forth in Government Code Section 56425(e) and determine as follows:
- a. *The present and planned land uses in the area, including agricultural and open-space lands* – The District has no land use authority. City and County policies support the provision of adequate healthcare for City and County residents. City and County plans include land uses and population growth needing supportive healthcare services.

There is substantial agricultural and open space land within the District. Hospital and healthcare services are needed in all areas, and do not, by themselves induce or encourage growth on agricultural or open space lands.

Services are already being provided so growth inducement is not a factor. No Williamson Act contracts will be affected.

- b. *The present and probable need for public facilities and services in the area* –As indicated by demand for ETHD's grant funding services and rental properties, there is a present and anticipated continued need for the services offered by ETHD.
- c. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide* – ETHD is not a direct provider of health care services. The District funds healthcare services through grants and provides office space to healthcare providers and clinics through rental agreements.

Rental properties appear to have sufficient capacity to satisfy community need. Although the regional supply of office space is unknown, because there is still office space available for rent in ETHD's buildings it can be inferred that additional capacity exists to satisfy possible additional demand for medical space.

ETHD engages in effective grant management based on its use of adequate grant management practices, such as internal control systems, pre-grant review, pre-award process, performance management and result assessment. Of those projects that the District funded through grants, 100 percent of the projects were completed to the satisfaction of ETHD.

- d. *The existence of any social or economic communities of interest in the area* – ETHD primarily serves constituents in central Alameda County. Communities of interest include healthcare agencies that receive grants, healthcare providers who rent medical offices, and patients and clients who are served in these medical offices and through grantmaking.
- e. *Nature, location, extent, functions & classes of services to be provided* – ETHD provides grant funding to local healthcare organizations that benefit constituents within the District boundaries. ETHD also owns medical rental properties in San Leandro, Dublin and Castro Valley which it leases to doctors and other healthcare providers.

ETHD provides services outside of its boundaries in the City of Dublin through the Dublin Gateway Center.

4. Determine, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that update of the agency's SOI and the related MSR are categorically exempt under Sections 15061(b)(3) and 15306, Class 6 of the CEQA Guidelines.
5. Direct staff to file a Notice of Exemption as lead agency under Section 15062 of the CEQA Guidelines.

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This Resolution was approved and adopted by the Alameda Local Agency Formation Commission at the public hearing held on November 14, 2013, at 7051 Dublin Blvd., Dublin, California on the motion made by Commissioner Miley, seconded by Commissioner Wieskamp, and duly carried.

Ayes: 7 (Commissioners Miley, Wieskamp, Haggerty, Johnson, Marchand, Thorne, Sblendorio)
Noes: 0
Excused: 0

/Sblend Sblendorio/

Sblend Sblendorio, Chair, Alameda LAFCo

Approved as to Form:

By: 

Andrew Massey, LAFCo Legal Counsel

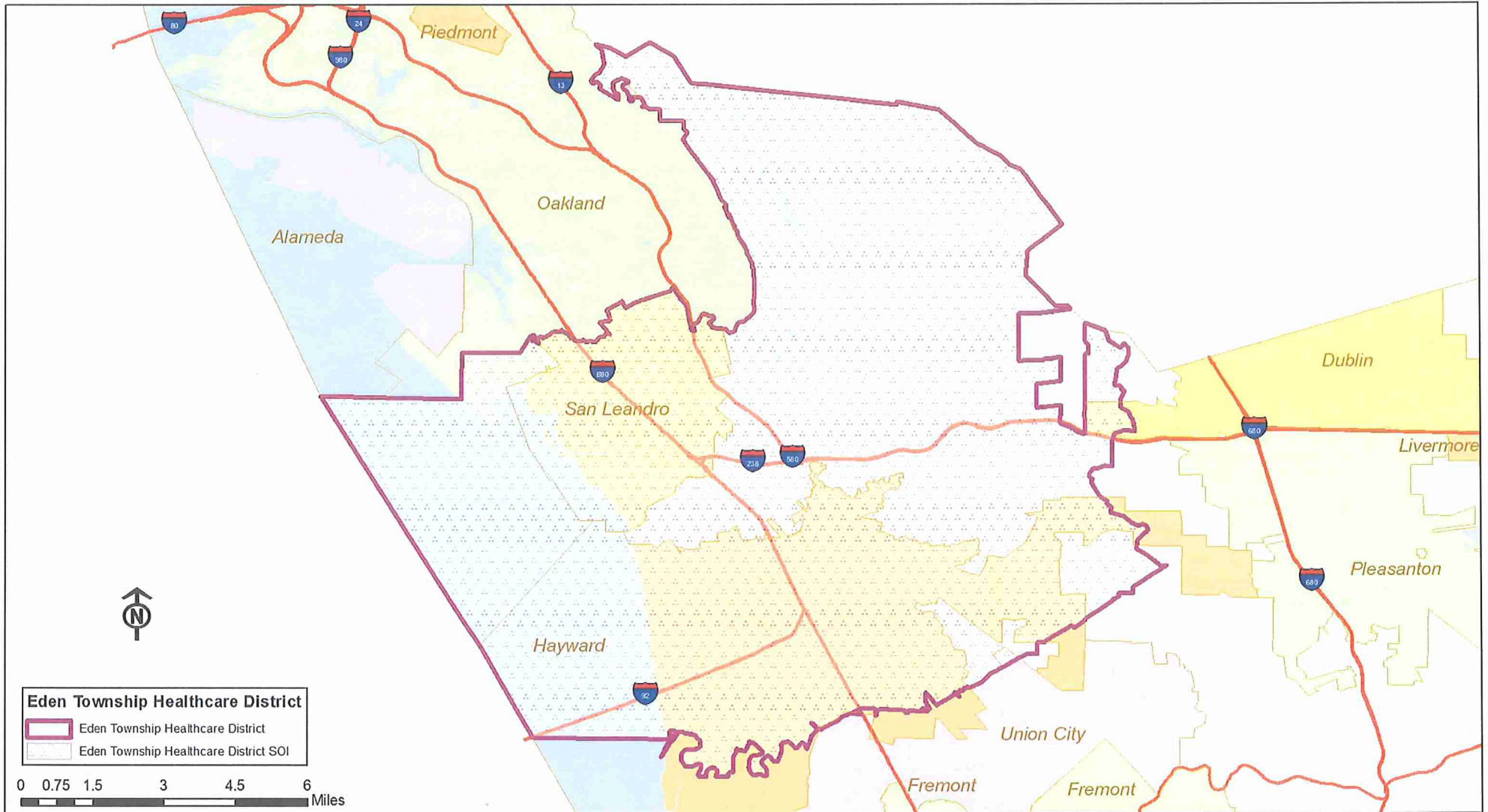
CERTIFICATION: I hereby certify that the foregoing is a correct copy of a resolution adopted by the Alameda Local Agency Formation Commission, Oakland, California.

Attest: 

Mona Palacios, LAFCo Executive Officer

Date: 12/4/2013

Eden Township Healthcare District and Provisional SOI November 2013



*Agency sphere equals the service area boundary

Created for Alameda LAFCo by the Alameda County Community Development Agency