

Members**Ayn Wieskamp**, Vice Chair
Special District Member**Nate Miley**
County Member**John Marchand**, Chair
City Member**Sblend Sblendorio**
Public Member**Ralph Johnson**
Special District Member**Scott Haggerty**
County Member**Jerry Thorne**
City Member**Alternates****Georgian Vonheeder-Leopold**
Special District Member**Wilma Chan**
County Member**David Haubert**
City Member**Tom Pico**
Public Member**Executive Officer**

Mona Palacios

AGENDA 9 September 8, 2016

September 1, 2016

Honorable Commissioners
Alameda Local Agency Formation CommissionSubject: **Update on Eden Township Healthcare District Special Study**

Dear Commissioners:

At the July 14, 2016 Alameda Local Agency Formation Commission (LAFCo) meeting, the Commission considered and approved a request from the city of Hayward for LAFCo to conduct a special study of the Eden Township Healthcare District and authorized the Executive Officer to enter into a contract with Berkson Associates to conduct the study in an amount not-to-exceed \$30,000. The Commission also directed staff to schedule two meetings in August for the purpose of obtaining input from the District's community members. This staff report provides an update on the special study implementation efforts.

Special Study Contract

On August 1, 2016, Alameda LAFCo entered into a contract with Berkson Associates. The contract period is August 1, 2016 through January 31, 2017. A copy of the full contract, including the scope of work and project timeline is provided as Attachment 1. On August 8, 2016, the project consultant and LAFCo staff interviewed the Eden Township Healthcare District Chief Executive Officer and two members of the District's Board of Directors. On August 30, 2016, at the request of the Hayward City Manager, LAFCo staff and the project consultant met with the City Managers of Hayward and San Leandro. Subsequently, the San Leandro City Manager provided the attached draft resolution supporting efforts to dissolve the District (Attachment 2). The San Leandro City Council will consider adopting the resolution at its September 6, 2016 Council meeting.

AB 2471

AB 2471 was scheduled for the Senate Appropriations Committee on August 1st and passed out of that committee and on to the full Senate floor for consideration. On August 22nd, Commission Chair Marchand and I had a brief phone conference with Assembly Member Quirk and his staff to discuss the status of the legislation. At the request of the Assembly Member, LAFCo staff provided a copy of the special study scope of work to the Assembly Member's staff. On August 29th, at the request of Senator Hancock, AB 2471 was moved to the inactive file, which effectively kills the legislation for this year.

Special Meetings

Staff initially identified August 26th at 1 pm in San Leandro and August 29th at 7 pm in Castro Valley for the special meetings requested by the Commission (Attachment 3 – draft sample notice). However,

given the uncertainty regarding AB 2471 in the Senate, LAFCo staff was concerned about scheduling meetings in August to gather public input about the District. On August 8th, LAFCo staff informed the Commissioners that those meetings would not be held and that the Commission would have an opportunity to discuss meeting dates at the September 8th LAFCo meeting. Additionally, Supervisor Chan sent the attached letter dated August 5, 2016 to Commission Chair Marchand requesting that the Commission consider scheduling the special meetings after Labor Day and during the month of September (Attachment 4).

Staff is working with the County Information Technology Department to develop a webpage devoted to the special study that will be posted on the Alameda LAFCo website. The webpage will include information and relevant documents about the special study as well as information about the special meetings with a mechanism available for people to provide comments to LAFCo. The webpage link will be distributed to all interested parties with a request that they distribute it widely to their constituents as appropriate.

Recommendation

Receive the information provided in this report and provide comments and direction to staff regarding the special study, scheduling of the requested special meetings, and any other information as desired.

Sincerely,



Mona Palacios
Executive Officer

V:\LAF\Eden Township HCD\Special Study, 2016\special study update.doc

Attachments:

1. Contract with Berkson Associates
2. Draft San Leandro resolution
3. Draft sample special meeting notice
4. Letter dated August 5th from Supervisor Chan

c: Honorable Assemblymember Bill Quirk, District 20
Honorable Assemblymember Rob Bonta, District 18
Honorable Alameda County Supervisor Wilma Chan, District 3
Honorable Alameda County Supervisor Richard Valle, District 2
Susan Muranishi, Alameda County Administrator
Honorable Board members, Eden Township Healthcare District
Dev Mahadevan, Chief Executive Officer, Eden Township Healthcare District
Honorable Pauline Cutter, San Leandro Mayor
Chris Zapata, San Leandro City Manager
Honorable Barbara Halliday, Hayward Mayor
Kelly McAdoo, Hayward City Manager
Interested parties
Andrew Massey, Alameda LAFCo Legal Counsel

P.O./Contract # _____

**ALAMEDA LAFCO, ALAMEDA COUNTY, STATE OF CALIFORNIA
STANDARD AGREEMENT**

THIS AGREEMENT, made and entered into this 1st day of August, by and between the ALAMEDA LOCAL AGENCY FORMATION COMMISSION, a public agency of the State of California, hereafter called the "Alameda LAFCo", and Berkson Associates, a business duly qualified in the State of California, whose principal place of business is 34 Terrace Avenue, San Anselmo, CA 94960, hereafter called the "Contractor."

WITNESSETH

WHEREAS, the Alameda LAFCo desires to obtain professional consultation services to conduct a special study of the Eden Township Healthcare District as described in Exhibit A attached hereto ("Scope of Services"); and

WHEREAS, Contractor is professionally qualified to provide such services; and

WHEREAS, the Alameda LAFCo desires to retain and employ the services of Contractor in connection with such work, and Contractor is agreeable with such employment.

NOW, THEREFORE, it is agreed that the Alameda LAFCo does hereby retain and employ Contractor to provide the Services in connection with such work, and Contractor accepts such employment, on the terms and conditions hereinafter specified in this Agreement and additional provisions attached hereto, and the following described exhibits, all of which are incorporated into this Agreement by this reference:

Exhibit A	Scope of Services & Project Timeline
Exhibit B	Payment Terms
Exhibit C	Insurance Requirements

CONTRACT PERIOD will be from August 1, 2016 through January 31, 2017. This Agreement may be extended for an additional six months if mutually agreed by both parties hereto, in writing not less than thirty (30) days prior to the expiration of this Agreement.

COMPENSATION: The Alameda LAFCo agrees to pay Contractor, pursuant to the terms set forth in Exhibit B, for services performed hereunder in a total amount not to exceed \$30,000 for the term of the current agreement, including all expenses, contingencies, and other miscellaneous expenses.

ADDITIONAL PROVISIONS, pages 3 through 14, attached hereto constitute a part of this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

ALAMEDA LAFCo

By: _____
Mona Palacios
LAFCo EXECUTIVE OFFICER

CONTRACTOR

Phil Bel
CONTRACTOR

By: Richard Berkson

Principal
Title

34 Terrace Avenue
San Anselmo, CA 94960
Address

Tax Payer I.D. # 530-30-3446

APPROVED AS TO FORM:

Andrew Massey
Andrew Massey,
LAFCo LEGAL COUNSEL

I hereby certify under penalty of perjury that the Executive Officer of the Alameda LAFCo was duly authorized to execute this document on behalf of the Alameda LAFCo by a majority vote of the Commission on July 14, 2016; and that a copy has been delivered to the Chair as provided by Government Code Section 25103.

Date: July 15, 2016

ATTEST:

Sandy Hou, LAFCo Clerk
Alameda LAFCo
County of Alameda
State of California

By: Sandy Hou

ADDITIONAL PROVISIONS

1. **EMPLOYER/EMPLOYEE RELATIONSHIP:** No relationship of employer and employee is created by this Agreement, it being understood that Contractor shall act hereunder as an independent Contractor; that Contractor shall not have any claim under this Agreement or otherwise against the Alameda LAFCo for seniority, vacation time, vacation pay, sick leave, personal time off, overtime, health insurance, medical care, hospital care, retirement benefits, Social Security, disability, Workers' Compensation, or unemployment insurance benefits, civil service protection, or employee benefits of any kind; that Contractor shall be solely liable for and obligated to pay directly all applicable taxes, including, but not limited to, Federal and State income taxes, and in connection therewith Contractor shall indemnify and hold the Alameda LAFCo harmless from any and all liability which the Alameda LAFCo may incur because of Contractor's failure to pay such taxes; that Contractor does, by this Agreement, agree to perform his/her said work and functions at all times in strict accordance with currently approved methods and practices in his/her field and that the sole interest of the Alameda LAFCo is to ensure that said service shall be performed and rendered in a competent, efficient, timely and satisfactory manner and in accordance with the standards required by the agency concerned. Notwithstanding the foregoing, if the Alameda LAFCo determines that pursuant to state and federal law Contractor is an employee for purposes of income tax withholding, the Alameda LAFCo shall, upon two weeks notice to Contractor withhold from the payments to Contractor hereunder federal and state income taxes and pay said sums over to the Federal and State governments.
2. **HOLD HARMLESS/INDEMNIFICATION:** To the fullest extent permitted by law, Contractor shall hold harmless, defend and indemnify Alameda LAFCo, its Commissioners, employees and agents from and against any and all claims, losses, damages, liabilities and expenses, including but not limited to attorneys' fees, arising out of or resulting from the performance of services under this Agreement, provided that any such claim, loss, damage, liability or expense is attributable to bodily injury, sickness, disease, death or to injury to or destruction of property, including the loss therefrom, or to any violation of federal, state or municipal law or regulation, which arises out of or is any way connected with the performance of this agreement (collectively "Liabilities") except where such Liabilities are caused solely by the negligence or willful misconduct of any indemnitee. Alameda LAFCo may participate in the defense of any such claim without relieving Contractor of any obligation hereunder. The obligations of this indemnity shall be for the full amount of all damage to Alameda LAFCo, including defense costs, and shall not be limited by any insurance limits.
3. **INSURANCE AND BOND:** Contractor shall at all times during the term of the Agreement with Alameda LAFCo maintain in force those insurance policies as designated in the attached Exhibit C, "Insurance Requirements," and will comply with all those requirements as stated herein.
4. **WORKERS' COMPENSATION:** Contractor shall provide Workers' Compensation insurance at Contractor's own cost and expense and further, neither the Contractor nor its carrier shall be entitled to recover from the Alameda LAFCo any costs, settlements, or expenses of Workers' Compensation claims arising out of this agreement.
5. **CONFORMITY WITH LAW AND SAFETY:**
 - A. Contractor shall observe and comply with all applicable laws, ordinances, codes and regulations of governmental agencies, including federal, state, municipal, and local governing bodies, having jurisdiction over the scope of services or any part hereof, including all provisions of the Occupational Safety and Health Act of 1979 and all amendments thereto, and all applicable

federal, state, municipal, and local safety regulations. All services performed by Contractor must be in accordance with these laws, ordinances, codes and regulations. Contractor shall indemnify and hold Alameda LAFCo harmless from any and all liability, fines, penalties and consequences from any noncompliance or violations of such laws, ordinances, codes and regulations. If a provision of this Agreement is found to be invalid, the parties legally, commercially, and practicably can continue this Agreement without that provision, and the remainder of this Agreement shall continue in force and effect unless an essential purpose of this Agreement would be defeated by the loss of such provision. In the event any of the terms, conditions, or provisions of this Agreement are held to be illegal or otherwise unenforceable, such term, condition or provision shall be deemed severable from the remainder of this Agreement and shall not cause any other part or provision of this Agreement to be illegal or unenforceable.

- B. Accidents: If death, serious personal injury or substantial property damage occurs in connection with the performance of this agreement, Contractor shall immediately notify Alameda LAFCo by telephone. Contractor shall promptly submit to Alameda LAFCo a written report, in such form as may be required by Alameda LAFCo of all accidents which occur in connection with this Agreement. This report must include the following information: (1) name and address of the injured or deceased person(s); (2) name and address of Contractor's subcontractor, if any; (3) name and address of Contractor's liability insurance carrier; and (4) a detailed description of accident and whether any of LAFCo's equipment, tools, material, or staff were involved. Contractor further agrees that it shall take all reasonable steps to preserve all physical evidence and information which may be relevant to accidents or circumstances surrounding a potential claim, while maintaining public safety. Contractor shall provide Alameda LAFCo the opportunity to review and inspect such evidence, including the scene of the accident.
6. PAYMENT: Payment to Contractor will be made only upon presentation of proper invoice by Contractor subject to the approval of Alameda LAFCo, and in accordance with this Agreement and its Exhibit B.
 7. TRAVEL EXPENSES: Payment to Contractor for travel expenses will be made only upon presentation of proper invoice by Contractor subject to the prior approval of Alameda LAFCo, and in accordance with this Agreement.
 8. ROYALTIES AND INVENTIONS: The Alameda LAFCo shall have a royalty-free, exclusive and irrevocable license to reproduce, publish and use the results produced in the course of or under this Agreement; and Contractor shall not publish any such material relating to Alameda LAFCo without prior consent of Alameda LAFCo.
 9. CONFIDENTIALITY OF INFORMATION: Confidential information is defined as all information disclosed to Contractor which relates to Alameda LAFCo's past, present, and future activities, as well as activities under this Agreement. Contractor will hold all such information with the same degree of care which Contractor utilizes to protect its own data of a similar nature. Upon cancellation or expiration of this Agreement, Contractor will return to Alameda LAFCo all written or descriptive matter which contains any such confidential information.
 10. CONFLICT OF INTEREST: No officer, member, or employee of Alameda LAFCo and no member of its governing body shall have any pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof. No Contractor, nor any member of Contractor's family shall serve on the Alameda

LAFCo, or hold any such position which either by rule, practice or action nominates, recommends, or supervises Contractor's operations, or authorizes funding to Contractor. Contractor shall immediately bring to Alameda LAFCo's attention any situation in which its client has, or is reasonably likely to have an application or other matter pending before Alameda LAFCo. The provisions of this Agreement are not exclusive, and thus Alameda LAFCo may at its discretion appoint a different firm to serve as its consultant in the event of a conflict. Contractor agrees not to assign any of the key personnel identified in Exhibit A to any matter that is, or is likely to be pending before Alameda LAFCo regardless of whether Alameda LAFCo in its discretion decides to hire another firm to avoid a conflict.

11. **USE OF ALAMEDA LAFCo PROPERTY:** Contractor shall not use Alameda LAFCo premises or property (including equipment, instruments and supplies) or personnel for any purpose other than in the performance of his/her obligations under this Agreement.
12. **EQUAL EMPLOYMENT OPPORTUNITY PRACTICES/PROVISIONS:** Contractor assures that it will comply with Title VII of the Civil Rights Act of 1964 and that no person shall, on the grounds of race, creed, color, disability, sex, sexual orientation, national origin, age, religion, Vietnam era Veteran's status, political affiliation, or any other non-merit factor, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement.
 - A. Contractor shall, in all solicitations or advertisements for applicants for employment placed as a result of this Agreement, state that it is an "Equal Opportunity Employer" or that all qualified applicants will receive consideration for employment without regard to their race, creed, color, disability, sex, sexual orientation, national origin, age, religion, Vietnam era Veteran's status, political affiliation, or any other non-merit factor.
 - B. Contractor shall, if requested to so do by Alameda LAFCo, certify that it has not, in the performance of this Agreement, discriminated against applicants or employees because of their race, creed, color, disability, sex, sexual orientation, national origin, age, religion, Vietnam era Veteran's status, political affiliation, or any other non-merit factor.
 - C. If requested to do so by Alameda LAFCo, Contractor shall provide Alameda LAFCo with access to copies of all of its records pertaining or relating to its employment practices, except to the extent such records or portions of such records are confidential or privileged under State or Federal law.
 - D. Contractor shall recruit vigorously and encourage minority- and women-owned businesses to bid its subcontracts.
 - E. Nothing contained in this contract shall be construed in any manner so as to require or permit any act which is prohibited by law.
 - F. The Contractor shall include the provisions set forth in paragraphs A through E (above) in each of its subcontracts.
13. **ASSIGNMENT OF CONTRACT:** Nothing contained in this Agreement shall be construed to permit assignment or transfer by Contractor of any rights under this Agreement and such assignment or transfer is expressly prohibited and void unless otherwise approved in writing by Alameda LAFCo.

14. **DRUG-FREE WORKPLACE:** Contractor and Contractor's employees shall comply with Alameda LAFCo's policy of maintaining a drug-free workplace. Neither Contractor nor Contractor's employees shall unlawfully manufacture, distribute, dispense, possess or use controlled substances, as defined in 21 U.S. Code section 812, including marijuana, heroin, cocaine, and amphetamines, at any LAFCo facility or work site. If Contractor or any employee of Contractor is convicted or pleads nolo contendere to a criminal drug statute violation occurring at an Alameda LAFCo facility or work site, the Contractor within five days thereafter shall notify the Executive Officer of Alameda LAFCo. Violation of this provision shall constitute a material breach of this Agreement.
15. **FEDERAL AND STATE AUDITS:** Until the expiration of five (5) years after the furnishing of any services pursuant to this Agreement, Contractor shall make available, upon written request, to the Federal/State government or any of their duly authorized representatives, this Agreement, and such books, documents, and records of Contractor that are necessary to certify the nature and extent of the reasonable cost of services to Alameda LAFCo. If Contractor enters into any Agreement with any related organization to provide services pursuant to this Agreement with value or cost of \$10,000 or more over a twelve-month period, such Agreement shall contain a clause to the effect that until the expiration of five years after the furnishing of services pursuant to such subcontract, the related organization shall make available, upon written request, to the Federal/State government or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs. This paragraph shall be of no force and effect when and if it is not required by law. Alameda LAFCo shall have access to Contractor's financial records for purposes of auditing payments made to Contractor hereunder. Such records shall be complete and available for audit ninety (90) days after final payment is made to Contractor hereunder and shall be retained and available for audit purposes for five (5) years after said final payment hereunder.
16. **TIME IS OF THE ESSENCE** in each and all of the provisions of this agreement.
17. **AMENDMENT:** No change, alteration, variation, modification of the terms, termination or discharge of this Agreement shall be valid unless made in writing and signed by the parties hereto.
18. **ASSURANCE OF PERFORMANCE:** If at any time Alameda LAFCo believes Contractor may not be adequately performing its obligations under this Agreement, that Contractor may fail to complete the Services as required by this Agreement, or has provided written notice of observed deficiencies in Contractor's performance, Alameda LAFCo may request from Contractor prompt written assurances of performance and a written plan to correct the observed deficiencies in Contractor's performance. Contractor shall provide such written assurances and written plan within ten (10) calendar days of receipt of Alameda LAFCo's written request and shall thereafter diligently commence and fully perform such written plan. Contractor acknowledges and agrees that any failure to provide written assurances and a written plan to correct observed deficiencies, in the required time, to diligently commence and fully perform such written plan, is a material breach under this Agreement.
19. **KEY PERSONNEL:** Contractor shall identify key personnel assigned to perform services in Exhibit A and obtain Alameda LAFCo approval of any substitution by the Contractor of key personnel. If the Contractor has subcontractors, this requirement extends to the subcontractors as well.
20. **SUBCONTRACTORS:** Contractor shall identify and obtain Alameda LAFCo approval of all subcontractors. Nothing provided herein shall create any obligation on the part of Alameda LAFCo to pay or to see to the payment by Contractor of any monies to any subcontractor, supplier or vendor,

nor create any relationship in contract or otherwise, express or implied between any such subcontractor, supplier or vendor and Alameda LAFCo. Approval by Alameda LAFCo of any subcontractor shall not constitute a waiver of any right of Alameda LAFCo to reject defective work, material or equipment, not in compliance with the requirements of this Agreement.

21. **CHOICE OF LAW:** This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by the laws of the State of California, excluding any laws that direct the application of another jurisdiction's laws, and its courts shall have jurisdiction (but not exclusive jurisdiction) to hear and determine all questions relating to this Agreement.
22. **WAIVER:** Any failure of a party to assert any right under this Agreement shall not constitute a waiver or a termination of that right, under this Agreement or any provisions of this Agreement.
23. **ENTIRE AGREEMENT:** This Agreement, including all attachments, exhibits, and any other documents specifically incorporated into this Agreement, shall constitute the entire Agreement between Alameda LAFCo and Contractor relating to the subject matter of this Agreement. As used herein, Agreement refers to any documents incorporated herein by reference and any exhibits or attachments. This Agreement supersedes and merges all previous understandings, and all other agreements, written or oral, between the parties and sets forth the entire understanding of the parties regarding the subject matter thereof. The Agreement may not be modified except by a written document signed by both parties.
24. **TERMINATION:** Alameda LAFCo may terminate this Agreement with or without cause by providing thirty (30) days notice, in writing, to the Contractor. Upon the expiration of said notice, this Agreement shall become of no further force or effect whatsoever and each of the parties hereto shall be relieved and discharged here from. Alameda LAFCo may terminate at any time without notice upon material breach of the terms of this Agreement and/or in the event that Alameda LAFCo determines that the Contractor's performance is substandard or unsatisfactory.
25. **SURVIVAL:** The obligations of this Agreement, which by their nature would continue beyond the termination or expiration of the Agreement, including without limitation, the obligations regarding Hold Harmless/Indemnification (paragraph 2), Confidentiality of Information (paragraph 9), and Conflict of Interest (paragraph 10), shall survive termination or expiration.
26. **NOTICES:** All notices, requests, demands, or other communications under this Agreement shall be in writing. Notices shall be given for all purposes as follows:
 - **Personal delivery:** When personally delivered to the recipient, notices are effective on delivery.
 - **First Class Mail:** When mailed first class to the last address of the recipient known to the party giving notice, notice is effective three mail delivery days after deposit in a United States Postal Service office or mailbox.
 - **Certified Mail:** When mailed certified mail, return receipt requested, notice is effective on receipt, if delivery is confirmed by a return receipt.
 - **Overnight Delivery:** When delivered by overnight delivery (Federal Express/United Parcel Service/DHL WorldWide Express/etc.) with charges prepaid or charged to the sender's account, notice is effective on delivery, if delivery is confirmed by the delivery service.

- Telex or facsimile transmission: When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice, notice is effective on receipt, provided that (a) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (b) the receiving party delivers a written confirmation of receipt. Any notice given by telex or fax shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a non-business day.

Addresses for purpose of giving notice are as follows:

To LAFCo: Alameda LAFCo
 1221 Oak Street, Room 555
 Oakland, CA 94612

To Contractor: Richard Berkson
 34 Terrace Avenue
 San Anselmo, CA 94960

Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger, or overnight delivery service.

Any party may change its address or telex or facsimile number by giving the other party notice of the change in any manner permitted by this Agreement.

[END OF DOCUMENT]

EXHIBIT A - SCOPE OF SERVICES & PROJECT TIMELINE
Special Study – Eden Township Healthcare District Governance Options

In response to a request from the city of Hayward, Alameda LAFCo decided at its July 14, 2016 meeting to initiate a Special Study of the Eden Township Healthcare District (the “District”, or ETHD). While there may be value in studying the financial viability of hospitals in Alameda County, the scope of this study is limited to examining the ETHD which is subject to LAFCo’s jurisdiction.

Hayward’s request noted that the District has been the subject of controversy recently including the Grand Jury Final 2015-16 Report which found that:

- The District lacks a clear vision, or concrete plans and timelines;
- The District does not engage in advanced strategic planning, and fails to assess or consider the needs of its residents;
- Only 12% of the District’s expenditures advance its primary mission;
- There is no collaboration between the District and the Alameda County Health Care Services Agency.

In February 2016, proposed legislation (AB 2471 – Quirk) was introduced that would require LAFCo to order the dissolution of ETHD if the LAFCo determines that the District meets all of the following criteria:

1. It does not currently receive a property tax allocation
2. It has substantial net assets
3. It does not provide a direct health care service
4. It fails to comply with Health and Safety Code Section 32496, if that section is added by Assembly Bill 2737 of the 2015-16 Regular Session of the Legislature.

The District appears to have significant income generating cash assets; however, recent court judgments result in a drain on those resources that may not leave revenues available for the District’s mission.

Berkson Associates (the “Consultant” or BA) will prepare the Special Study of ETHD to review the services the District currently provides, its financial position including any future obligations, as well as a fiscal analysis of various governance options including dissolution. The Consultant will not duplicate the efforts of Alameda LAFCo’s December 2013 Municipal Services Review of ETHD to the extent the information in that document remains valid. The study will involve the careful review of relevant documents, including ETHD reports and documents, the 2013 LAFCo Municipal Service Review (MSR) and other LAFCo reports and documents, reports prepared by Alameda County, and fiscal and other documents relating to the ETHD. The study may be used by LAFCo as a basis to formulate findings and determinations regarding the future of ETHD, including the determinations required by Government Code §56881. The analysis will evaluate whether the required determinations can be made, and any terms and conditions that should be applied to the recommended action.

The study will also be used to inform the public and stakeholders. All assumptions should be clearly documented and described to resolve concerns and help elicit questions that can be included and addressed in the draft reports. The study will assure that all issues are adequately addressed and provide a sound technical basis for LAFCo’s eventual decision.

While the passage of AB 2471 is uncertain at this time, LAFCo’s Special Study may be used to evaluate the criteria identified in the bill and provide a basis for implementing the bill’s provisions, if needed. The

Consultant shall make every effort to avoid duplication of effort should the circumstances change with respect to the passage of AB 2471.

The study will be prepared in accordance with California Government Code, Health and Safety Code, Revenue and Taxation Code, and Alameda LAFCo policies and procedures.

All work products will be prepared in Word and Excel formats. Consultant will provide LAFCo with digital copies of the reports.

Specific tasks are as follows:

Task 1: Project Initiation

Consultant will meet with LAFCo staff to discuss and refine project objectives, report format/ content, issues, key contacts and references, and project timeline. This meeting, anticipated to occur within 1-2 weeks after project start, may result in minor changes to this scope of work.

Consultant and LAFCo staff will inventory existing documents and information, determine what additional information is needed to proceed with the study, and establish a process/timeline for obtaining any additional documents and information.

Consultant and LAFCo staff will identify and detail, to the extent possible, all preliminary governance options as a basis for subsequent detailed research and analysis. Consultant and LAFCo staff may wish to contact other special districts or healthcare service agencies for examples of alternative service delivery and governance options.

Consultant and LAFCo staff, as necessary, will meet with the following interested parties to obtain needed information. LAFCo staff will provide introductory communication with outside agencies as needed. A tentative schedule of interviews will be established, which may include:

- **District staff and Board members** – to obtain background and current financial documents, and for their input on issues and governance options;
- **City representatives** – to discuss issues, governance options, and community healthcare needs;
- **County staff, including Health Care Services, and Board members** – to discuss issues, governance options, and community healthcare needs;
- **Other key stakeholders, such as relevant legislators** -- to be determined.

The meeting with District staff and Board members should occur immediately; the other interviews can occur after initial data review is complete and governance options have been preliminarily identified.

Task 2: Overview of Healthcare District

BA will summarize the history and events leading up to the present time, to provide background and context for the study. BA will draw upon readily available public materials and interviews with appropriate parties for this discussion. Milestones and issues to be reviewed include:

- History and evolution of the District, including its mission, boundaries, financing sources, provision of services, and the Health and Safety Code under which the District was formed;
- Review of Sutter contract and related District actions and litigation, including relationship to the District's mission;
- Population and organizations served;
- Current services provided, including real estate assets, and their relationship to the District's mission;

- Current organizational capabilities, planning and decision-making process, current and future need for services, and ability to achieve its core mission;
- Review of grant funding and loan process (plan, criteria, proposal review and follow-up).

Other background information important to understanding the financial review and governance options will be described.

Task 3: Financial Review

The report will review the District's current and future operating revenues and expenditures, assets and liabilities, including, but not limited to:

- Current operating expenditures, segregated by activity, e.g., real estate operations, district administration (including elections and Board expenses), other direct/indirect provision of services
- Cash vs. non-cash items should be separated from the analysis
- Current revenues (lease revenues, interest income, other sources)
- Existing debt obligations, including legal judgments (amount, annual payment, source of repayment)
- Other liabilities (short and long-term), which may include pension and other post-employment benefits (OPEB)
- Assets (equipment, cash, property) and capital investment requirements to maintain its assets

The primary purpose of this review is to update the District's financial forecast and estimate of funds available for grants and other activities related to the District's mission. The Special Study is not an audit, per se, and will rely on the most current financial reports and audits available.

The analysis and findings of the financial review will be summarized in the report, and supporting documentation and references included in appendices.

Task 4: Governance Options

BA will work with LAFCo staff to identify possible governance alternatives and appropriate successor agency(ies), and review those alternatives with key stakeholders through interviews referenced in **Task 1**. As required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, alternatives to dissolution will be reviewed and evaluated, advantages and disadvantages of each alternative described, and the LAFCo process identified.

Financial implications of each option will be discussed. Issues related to existing debt and other obligations identified in Task 3 will be described, as they may affect a given option. Cost information will be based on a review and compilation of available information and estimates obtained from those officials; no independent estimates will be generated. Potential services that could be provided, and key differences in how they would be provided, will be discussed for each option.

The report will include Consultant's recommendations regarding the option which best meets specified criteria. The criteria will be clearly defined, as well as the pros and cons of each option. This will enable LAFCo to understand the trade-offs that exist with each option. The recommendations will also include specific terms and conditions that may apply to the implementation of a given option.

Task 5: Report Preparation

BA will prepare an Administrative Draft Report (ADR) for LAFCo staff's review, then a Draft Report suitable for public review (PRDR), incorporating any comments or edits to the ADR. A Final Public Hearing Report (FPHR) will be prepared including any changes resulting from public comments. No

significant further report revisions are assumed, other than a Final Report, if requested, that includes minor changes resulting from Public Hearings.

Task 6: Meetings and Presentations

BA will attend an initial kick-off meeting, and will prepare presentation materials and attend up to three LAFCo Public Hearings or other LAFCo-sponsored meetings. BA will also participate in up to six meetings with key stakeholders in conjunction with Tasks 1-4 as described above; it is assumed that LAFCo staff will help facilitate and may participate in those stakeholder meetings.

PROJECT TIMELINE

Consultant shall perform the services required under this Agreement in accordance with the following timeline. The schedule assumes that the contract is finalized prior to project initiation. The schedule is subject to modification from time to time by mutual agreement of the Consultant and the LAFCo Executive Officer.

Kick-Off	Early August 2016
Begin data collection and interviews	Mid-August 2016
Public meeting(s)	Late August/Early September 2016
Data collection/review continues; prepare ADR	September 2016
ADR submitted to LAFCo staff	Late September 2016
Consultant addresses LAFCo staff's comments and prepares PRDR	Mid/Late October 2016
PRDR released for minimum 21-day public review	November 3, 2016
PRDR presented to Commission at Public Hearing	November 10, 2016
Consultant addresses comments submitted during public review period and LAFCo Public Hearing	December 2016
Consultant prepares and submits FPHR	December 2016
Public Hearing	December 2016 or January 2017
Consultant incorporates comments from Public Hearing and submits Final Report to LAFCo	January 2017

EXHIBIT B – CONTRACT PAYMENT TERMS

Contracted Service:

1. The Alameda LAFCo will pay Contractor for services provided herein, upon submittal of an invoice and summary report of services performed pursuant to this agreement. All services will be performed at the direction of, and with the prior authorization of, the LAFCo Executive Officer. Invoices will be approved by the Alameda LAFCo Executive Officer. LAFCo will reimburse Contractor for miscellaneous contract-related expenses including telephone, supplies, postage, printing, reproduction, travel, meeting and meals. Payments under the terms of this Agreement shall not exceed \$30,000. This amount includes all travel expenses, contingencies, and other miscellaneous expenses. For the purposes hereof, the billing rates are as listed in the firm's proposal and shown below:

Richard Berkson, Principal: \$200/hour

2. Alameda LAFCo expects Contractor to cover all costs of professional development activities, training, and/or continuing education unless Alameda LAFCo requires such professional development activities, training and/or continuing education of Contractor or Contractor obtains prior written approval from LAFCo to incur the cost of such professional development activities, training and/or continuing education.

EXHIBIT C - MINIMUM INSURANCE REQUIREMENTS

Without limiting any other obligation or liability under this Agreement, the Contractor, at its sole cost and expense, shall secure and keep in force during the entire term of the Agreement or longer, as may be specified below, the following minimum insurance coverage, limits and endorsements:

TYPE OF INSURANCE COVERAGES		MINIMUM LIMITS
A	Commercial General Liability Premises Liability; Products and Completed Operations; Contractual Liability; Personal Injury and Advertising Liability	\$1,000,000 per occurrence (CSL) Bodily Injury and Property Damage
B	Commercial or Business Automobile Liability All owned vehicles, hired or leased vehicles, non-owned, borrowed and permissive uses. Personal Automobile Liability is acceptable for individual contractors with no transportation or hauling related activities	\$1,000,000 per occurrence (CSL) Any Auto Bodily Injury and Property Damage
C	Workers' Compensation (WC) and Employers Liability (EL) Required for all contractors with employees	WC: Statutory Limits EL: \$1,000,000 per accident for bodily injury or disease
D	Endorsements and Conditions: <ol style="list-style-type: none"> ADDITIONAL INSURED: All insurance required above with the exception of Commercial or Business Automobile Liability, Workers' Compensation and Employers Liability, shall be endorsed to name as additional insured: the Alameda Local Agency Formation Commission (LAFCo), the individual members thereof, and all Alameda LAFCo officers, agents, employees, volunteers, and representatives. The Additional Insured endorsement shall be at least as broad as ISO Form Number CG 20 38 04 13. DURATION OF COVERAGE: All required insurance shall be maintained during the entire term of the Agreement. In addition, Insurance policies and coverage(s) written on a claims-made basis shall be maintained during the entire term of the Agreement and until 3 years following the later of termination of the Agreement and acceptance of all work provided under the Agreement, with the retroactive date of said insurance (as may be applicable) concurrent with the commencement of activities pursuant to this Agreement. REDUCTION OR LIMIT OF OBLIGATION: All insurance policies, including excess and umbrella insurance policies, shall include an endorsement and be primary and non-contributory and will not seek contribution from any other insurance (or self-insurance) available to Alameda LAFCo. The primary and non-contributory endorsement shall be at least as broad as ISO Form 20 01 04 13. Pursuant to the provisions of this Agreement insurance effected or procured by the Contractor shall not reduce or limit Contractor's contractual obligation to indemnify and defend the Indemnified Parties. INSURER FINANCIAL RATING: Insurance shall be maintained through an insurer with a A.M. Best Rating of no less than A:VII or equivalent, shall be admitted to the State of California unless otherwise waived by Risk Management, and with deductible amounts acceptable to Alameda LAFCo. Acceptance of Contractor's insurance by Alameda LAFCo shall not relieve or decrease the liability of Contractor hereunder. Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Contractor. SUBCONTRACTORS: Contractor shall include all subcontractors as an insured (covered party) under its policies or shall verify that the subcontractor, under its own policies and endorsements, has complied with the insurance requirements in this Agreement, including this Exhibit. The additional Insured endorsement shall be at least as broad as ISO Form Number CG 20 38 04 13. JOINT VENTURES: If Contractor is an association, partnership or other joint business venture, required insurance shall be provided by one of the following methods: <ul style="list-style-type: none"> Separate insurance policies issued for each individual entity, with each entity included as a "Named Insured" (covered party), or at minimum named as an "Additional Insured" on the other's policies. Coverage shall be at least as broad as in the ISO Forms named above. Joint insurance program with the association, partnership or other joint business venture included as a "Named Insured". CANCELLATION OF INSURANCE: All insurance shall be required to provide thirty (30) days advance written notice to Alameda LAFCo of cancellation. CERTIFICATE OF INSURANCE: Before commencing operations under this Agreement, Contractor shall provide Certificate(s) of Insurance and applicable insurance endorsements, in form and satisfactory to Alameda LAFCo, evidencing that all required insurance coverage is in effect. Alameda LAFCo reserves the rights to require the Contractor to provide complete, certified copies of all required insurance policies. The required certificate(s) and endorsements must be sent as set forth in the Notices provision. 	



City of San Leandro

Meeting Date: September 6, 2016

Resolution - Council

File Number: 16-447

Agenda Section: ACTION ITEMS

Agenda Number: 10.A.

TO: City Council

FROM: Chris Zapata
City Manager

BY: City Council

FINANCE REVIEW: Not Applicable

TITLE: RESOLUTION Supporting Efforts to Dissolve Eden Health District (proposal from the Mayor and the City Council urging San Leandro's State legislative delegation and the Alameda County Local Agency Formation Commission to support efforts that will lead to the dissolution of the Eden Health District)

WHEREAS, San Leandro Hospital, a 93-bed facility with approximately 467 employees and 300 physicians and allied medical professionals, is the hometown public healthcare provider for San Leandro and central Alameda County; and

WHEREAS, the Hospital provides the San Leandro community with a wide range of important medical services including 24-hour emergency room access, critical care, and highly-skilled surgery and rehabilitation services; and

WHEREAS, in 2012 San Leandro Hospital experienced financial difficulties, so the City of San Leandro and Alameda County partnered together to take the unprecedented step of contributing \$3 million from each of their respective general funds in order to support the sustained operations of the Hospital; and

WHEREAS, this financial commitment was made in tandem with a June 13, 2013 public commitment of financial assistance for San Leandro Hospital by the Eden Township Healthcare District (now known as Eden Health District, or EHD), a regional public agency that was formed by the voters in 1948 to provide direct healthcare services for the residents of San Leandro, Hayward, and unincorporated Alameda County; and

WHEREAS, since that time, the District divested itself of its ownership of any public hospitals and later became embroiled in costly litigation with Sutter Health regarding the transfer of San Leandro Hospital, resulting in a \$20 million judgement against the District; and

WHEREAS, since that time, the District has failed to honor its June 13, 2013 public commitment to the community to raise funding for San Leandro Hospital; and

WHEREAS, the District now no longer operates any hospital or other direct-service facility and spends significantly more money on its own administration, including but not limited to salaries for its executives, than it does on community grants; and

WHEREAS, by the District's own admission, 80% of the population who lives within its geographic boundaries are not even aware of its existence; and

WHEREAS, the Milton Marks "Little Hoover" Commission on California State Government Organization and Economy, an independent state oversight agency that was created in 1962 to investigate government operations, issued a 2000 report recommending that when public hospital districts sell their hospitals, that a process should be initiated to determine if the district should continue to exist; and

WHEREAS, in June, 2016, following a thorough independent investigation, the Alameda County Civil Grand Jury issued a report stating that Eden Health District fails in its core mission effectiveness, that it does not engage in advanced strategic planning practices, and that its poor management and absence of innovation results in very little impact on the health of Alameda County residents, leading to the conclusion that it is valid to question whether the District should continue to exist; and

WHEREAS, the San Leandro City Council is proud to sponsor AB 2737 - Assembly Member Rob Bonta's 2016 legislation that would limit the amount of money Eden Health District may spend on administrative costs to ensure it allocates a sufficient portion of its budget towards supporting the healthcare needs of the community; and

WHEREAS the City Council is also proud to support Assembly Member Bill Quirk in his efforts to pursue State legislation that would direct the Alameda County Local Agency Formation Commission (LAFCo) to dissolve Eden Health District if the District fails to meet certain basic service standards; and

WHEREAS, based on the above factors, the San Leandro City Council asserts that Eden Health District is no longer fulfilling its established goals or commitments to the communities it was created to serve, and therefore should be dissolved; and

WHEREAS, the City Council urges LAFCo to carry out any and all proceedings that would be necessary to dissolve Eden Health District; and

WHEREAS, the City of San Leandro and its City Council is committed to its ongoing partnership with the City of Hayward and its City Council to achieve the above-outlined goals, including equitably sharing the administrative or electoral costs that might be associated with effectuating the dissolution of the District; and

WHEREAS, the City Council supports efforts to ensure that the Cities of San Leandro and Hayward are provided with representation on any committees or boards charged with the distribution of any financial proceeds or assets that could be derived from dissolution of the District after payment of outstanding debts, and that such proceeds be equally shared between San Leandro Hospital and Saint Rose Hospital, both of which are located within the geographic boundaries of Eden Health District.

NOW THEREFORE BE IT RESOLVED, that the San Leandro City Council authorizes the Mayor, the City Manager or his designees, and the City's legislative advocates to work with the City's partners at the City of Hayward, throughout Alameda County and at the State level to pursue all legislative, administrative, or procedural avenues that may be necessary to achieve the goals outlined above.

BE IT FURTHER RESOLVED, that the City Council hereby authorizes the Mayor, City Manager, and the City's legislative advocates, at their discretion, to communicate this message to other elected and/or appointed officials throughout the State as appropriate.

What's happening at the Eden Health District?

Notice of Special Meeting of the Alameda Local Agency Formation Commission (LAFCo)

Please attend a meeting to provide comments regarding the Eden Health District.

- Should the District continue to exist?
- What should the District's priorities be?
- What is the best use of the District?
- Other comments?

The Eden Health District was established as the Eden Township Healthcare District by the voters in 1948 to build and operate a hospital initially known as Eden Hospital. The District's boundary includes Castro Valley, Hayward, San Leandro, San Lorenzo, and the unincorporated areas of Ashland, Cherryland and Fairview. The Eden Hospital opened November 1954, and then in 1997 the District sold the hospital, then known as Eden Medical Center, to Sutter Health. Today the District owns medical office buildings in Castro Valley, San Leandro, and Dublin, and administers a Community Grant Fund.

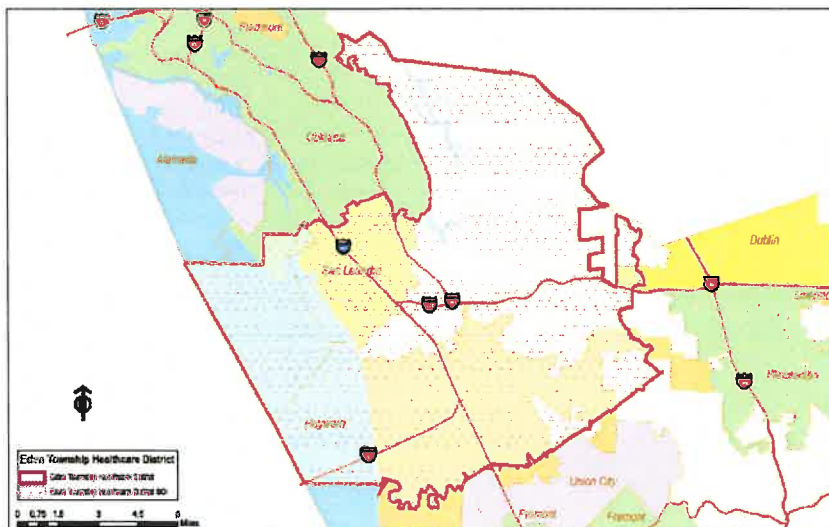
Two meetings are scheduled for your convenience – choose one or attend both

	Meeting #1	Meeting #2
Date:	Friday, August 26, 2016 at 1:00 pm	Monday, August 29, 2016 at 7:00 pm
Location:	San Leandro City Council Chambers 835 East 14th Street, San Leandro	Castro Valley Library 3600 Norbridge Avenue, Castro Valley

If you cannot attend a meeting but wish to provide comments about the Eden Health District, please send written comments to:

By US Mail	By Email
Alameda LAFCo 1221 Oak Street, Rm. 555 Oakland, CA, 94612	

Eden Township Healthcare District and SOI November 2014



*Agency sphere equals the service area boundary

Created for Alameda LAFCo by the Alameda County Community Development Agency



Wilma Chan, SUPERVISOR, THIRD DISTRICT

ALAMEDA COUNTY BOARD OF SUPERVISORS

COMMITTEES:
Health, Chair
Personnel & Legislative
Unincorporated Services

August 5, 2016

Hon. John Marchand
Chair, Alameda County LAFCo
1052 S. Livermore Avenue
Livermore, CA 94550

Re: Eden Health District Dissolution

Dear Mayor Marchand:

As an alternate member of LAFCo, I appreciate that our commission will be studying the viability of the Eden Health District ("District").

It is vitally important that this study focuses squarely on the dissolution of the District, especially in light of the recent Grand Jury report that called into question the integrity of the District and the effectiveness of the LAFCo process.

As part of the study process, I am pleased that our commission will be hosting two community forums within the boundaries of the District. To ensure maximum participation, I respectfully request that our Commission schedule the forums after Labor Day and during the month of September.

Thank you for your consideration of these requests.

Sincerely,

A handwritten signature in blue ink, appearing to read "Wilma Chan", is written over a horizontal line.

Wilma Chan
Alameda County Board of Supervisors, District 3