

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 July 14, 2016

June 29, 2016

Honorable Commissioners
Alameda Local Agency Formation Commission

Subject: City of Hayward Request for LAFCo to Initiate a Special Study of the Eden Township Healthcare District

Dear Commissioners:

On June 28, 2016, the city of Hayward sent a letter to the Alameda Local Agency Formation Commission (LAFCo) requesting an in-depth study of the Eden Township Healthcare District (Attachment 1). The letter cites recent controversy and discussion about the District, including various LAFCo meetings, and the Alameda County Grand Jury Final Report 2015-2016 released on June 21, 2016. The City also cites the lack of a thorough and in-depth study of the District's finances and decision making abilities, the need to understand whether District resources are used appropriately, and the lack of an inclusive, informed, and transparent community conversation about the District as additional concerns. Finally, the City acknowledges and expresses support for the intent of AB 2471 (Quirk), current legislation that would require LAFCo to dissolve the district, but expresses concern about using a State-level process rather than engaging in a local process within the District's community.

Legislative Authority

Government Code §56378 provides LAFCos with the authority to initiate and make studies of existing governmental agencies (Attachment 2). The law does not provide any specific requirements regarding the process for an affected agency or individual to request initiation of a special study, but it does specify that "studies shall include, but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities."

Government Code Section 56375 enumerates a LAFCo's powers. Among those, LAFCos are empowered to initiate proposals by resolution for specified changes of organization including consolidation, dissolution, merger, establishment of subsidiary districts, and formation of districts (Attachment 3). LAFCo can only initiate such changes of organization if they are supported by recommendations or conclusions of a sphere of influence (SOI) update, a municipal service review

(MSR), or a special study. Pursuant to Government Code Section 56881(b) (Attachment 4), proposals initiated by LAFCo must include the following determinations:

1. Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service.
2. A change of organization or reorganization that is authorized by the commission promotes public access and accountability for community services needs and financial resources.

Background

In November 2013, Alameda LAFCo completed an MSR of the Eden Township Healthcare District and adopted a provisional coterminous SOI with a condition that the District report back to LAFCo on progress made to implement its adopted strategic plan (Attachment 5). The District returned to LAFCo in November 2014 and provided an update. At that meeting, LAFCo considered all the information presented and adopted a coterminous SOI for the District with a condition that the District return to LAFCo to provide an update on its strategic plan implementation efforts (Attachment 6). The District provided an update to LAFCo in November 2015.

Alameda LAFCo's 2013 MSR identified the following four governance structure options:

1. Status quo indicating that the District would continue its independent existence, maintain current boundaries, and work on fulfilling its strategic plan.
2. Dissolution of the District.
3. Consolidation of the District with the Washington Township Healthcare District.
4. Annexation of the city of Dublin.

The MSR also included SOI options for Commission consideration including:

1. Maintain a coterminous SOI.
2. Expand the SOI to include the city of Dublin
3. Adopt a zero SOI.

Using the information contained in the MSR, the Commission adopted a coterminous SOI for the District, first provisionally in 2013 and then, in 2014, the Commission removed the provisional status. The Commission did not adopt a zero SOI which would have been an indication by LAFCo that the public service functions of the agency were non-existent, inadequate, no longer needed, or should be reallocated to some other governmental agency.

Because neither the MSR nor the SOI update studies concluded or recommended that the District should be dissolved, the Commission could not rely on those studies to initiate dissolution of the Eden Township Healthcare District. As a reminder, LAFCo may only initiate dissolution if such a proposal is consistent with recommendations or conclusions contained within a MSR, SOI update, or special study.

At the March 10, 2016 Alameda LAFCo meeting, the Commission learned about AB 2471 and adopted an oppose position. The Commission also directed staff to invite Assemblymember Quirk and the bill's sponsors (the Alameda County Board of Supervisors) to attend LAFCo's May 12, 2016 meeting to discuss the proposed bill and address the Commission's concerns which included circumvention of existing law, and the absence of participation and/or comment from the public or affected agencies during the Commission's MSR and SOI update process which occurred from 2012 through 2015.

At the May 12, 2016 LAFCo meeting, the Commission hosted Assemblymember Quirk, staff from Alameda County Supervisor Chan's office, and the mayors of San Leandro and Hayward to better understand the reasoning behind AB 2471 and determine what, if any, deficiencies there are in the existing LAFCo process and potential remedies to those deficiencies. At that meeting, the Commission discussed its concerns about bypassing the existing local process and substituting a process dictated at the state level. The Assemblymember, the two mayors, and the County Supervisor's staff expressed the need for special legislation because the District no longer owned or operated a hospital, it was not providing support to San Leandro and St. Rose Hospitals as promised, and the LAFCo process would take too long. Several members of the District Board were present to speak against the legislation and in support of the District. Various Commissioners expressed their willingness to expedite consideration of a dissolution proposal and flexibility with times and locations of public hearings on the matter. At the conclusion of the discussion, there appeared to be general agreement that a dissolution proposal would be forthcoming though it was not clear who might submit such an application.

On June 10, 2016, LAFCo Chair Marchand and Executive Officer Palacios met with Assemblymember Quirk and his staff to discuss the LAFCo process and the status of AB 2471. At that meeting, the Assemblymember explained that he would pass his bill out of the Assembly but would consider holding the bill in the Senate if he could see progress was being made locally on the Eden Township Healthcare District issue.

At the June 14, 2016 Hayward City Council meeting, the City considered and adopted a resolution of application to initiate LAFCo proceedings to explore the possible dissolution of Eden Health District (Attachment 7). No subsequent application was filed with LAFCo. The City Manager contacted LAFCo staff about the action City Council took and explained that the city is not advocating for dissolution of the District, but rather is interested in LAFCo studying the options for the District.

On June 22nd, AB 2471 was passed out of the Senate Governance and Finance Committee on a 4-1 vote. The bill is scheduled to be heard by the Senate Appropriations Committee on August 1st.

It is worth noting that during the current legislative session members of the State Legislature have expressed concern about the role of healthcare districts in today's healthcare environment and have indicated a desire to more closely examine the status of healthcare districts in California. There has been some discussion of convening a special informational hearing on this subject sometime later this year. Some members of the Legislature have also expressed concern about LAFCos' role in reorganizing special districts and whether LAFCos are "up to the task."

City of Hayward's Request

As mentioned above, the Hayward City Council adopted a resolution to initiate LAFCo proceedings. The request submitted by the City on June 28th is not an application to initiate dissolution of the District. It is a request for LAFCo to initiate a special study.

The City requests that the special study include:

- A review and analysis of the District's past decision-making related to its contract with Sutter Health including whether decisions made were consistent with the District's responsibilities to its constituents;

- A review and analysis of the District's real estate holdings and their relationship to the District's mission;
- A review and analysis of the District's ability and intent to meet its overall core mission now and into the future;
- A review and analysis of the flow and advisability of the District's current funding and/or grant program related to various entities;
- An in-depth audit of overall short-term and long-term financial health in relationship to the district's original program mission;
- If dissolution is recommended, a clear description of the dissolution process and how the successor agency is determined; and
- If continuation of the District is recommended, a financial and programmatic plan that shows clearly how the District will go forward to meet its original voter-approved mission.

The City proposes that Alameda LAFCo and the District jointly pay for the study, and that Alameda LAFCo should immediately begin and complete the study. The City's request appears adequate for the Commission to consider initiating a special study.

Options for Commission Consideration

The following options are offered for Commission consideration to address the concerns outlined by the city of Hayward:

1. Application to Dissolve the District

As mentioned above, the Commission understood that an application to dissolve the Eden Township Healthcare District would be forthcoming after the May 12th LAFCo meeting. The Hayward City Council adopted a resolution of application to begin proceedings for the dissolution of the District, but no dissolution application has been submitted. An application to initiate dissolution may be submitted by resolution of any affected agency or by petition of registered voters or property owners within the District's boundary.

2. LAFCo Conducts a Special Study

LAFCo is authorized by law to conduct a special study. The special study process includes opportunities for input and discussion in a public forum. Should the Commission decide to conduct a special study of the District, staff recommends that the Commission hire a consultant with experience in completing special studies for LAFCos to produce the study. In anticipation of the Commission's discussion of a special study, staff spoke with a consultant familiar with LAFCos and healthcare district special studies. Richard Berkson (Berkson Associates) worked on the Mt. Diablo Healthcare District special study for Contra Costa LAFCo in 2012 and is currently completing the West Contra Costa Healthcare District special study also for Contra Costa LAFCo. He has worked on a variety of other special studies and MSRs for other LAFCos as well and comes highly recommended. He has indicated that he would be available in mid to late July to work on this project, and expects the study would take approximately two to three months to complete at a cost of approximately \$30,000. A special study conducted by LAFCo offers an opportunity for an "independent and open discussion" as described by Hayward, as well as other interested parties.

If LAFCo determines that a special study is warranted, the Commission may want to consider requiring the interested parties, which include, but are not limited to, the Eden Township Healthcare

District, Alameda County, Assemblymember Quirk, Assemblymember Bonta, and the cities of Hayward and San Leandro, to pay for the study.

3. Interested Parties Resolve Concerns

Those agencies and individuals who are interested in the fate of the District could meet and confer to determine alternatives to address the concerns expressed by the city of Hayward in its letter to LAFCo. These meetings could be held publicly and jointly to engage community members and local agencies about the fate of the District. LAFCo staff understands that there have been numerous meetings held jointly among Alameda County, San Leandro and Hayward, but there is no indication that these meetings were held publicly. According to staff of the affected agencies, the interested parties have been unable to come to an agreement as to what direction to go. As the sponsor of AB 2471, Alameda County appears to prefer dissolution of the district. Hayward has expressed a desire for more information before initiating dissolution. Assemblymember Quirk has indicated he would like to see the District provide funding to support the operation of St. Rose Hospital. San Leandro and Assemblymember Bonta have indicated their desire for the District to support the operation of San Leandro Hospital. The District has expressed opposition to AB 2471, but has an interest in engaging its constituents to guide the District's future.

4. Eden Township Healthcare District Addresses Concerns

The District itself could formally engage its constituents and interested parties in public discussions about the District's future. In its letter to LAFCo, the City expresses concern that this route may be perceived as biased or tainted.

5. AB 2471

Should AB 2471 become law, LAFCo would implement its provisions (Attachment 8). The provisions in the current bill require Alameda LAFCo to determine if specified criteria are met, and, if so, LAFCo must order the dissolution of the District. It should be noted that some of the criteria in the bill are ambiguous and subject to interpretation which may put LAFCo at risk of litigation. Furthermore, the bill does not specify a successor agency or how any remaining assets and/or liabilities would be handled.

Recommendation

Staff recommends that the Commission discuss the options identified above and provide direction to staff.

Sincerely,



Mona Palacios
Executive Officer

Attachments:

1. Letter from Hayward dated June 28, 2016
2. Government Code Section 56378
3. Government Code Section 56375
4. Government Code Section 56881

Honorable LAFCo Commissioners

June 30, 2016

Page 6

5. LAFCo Resolution 2013-14
6. LAFCo Resolution 2014-07
7. City of Hayward staff report dated June 14, 2016
8. AB 2471

cc: 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
Fran David, Hayward City Manager
Interested parties
Andrew Massey, Alameda LAFCo Legal Counsel



June 28, 2016

Commissioner John Marchand, Chair
Attn: Mona Palacios, Executive Officer
Alameda County Local Agency Formation Commission
1221 Oak Street, Room 555
Oakland CA 94612

RE Request to Conduct a Study/Audit

Chair Marchand:

I am writing to you regarding the Eden Health District. As you know, there has been much controversy and agency discussion about the fate of the Eden Health District (formerly the Eden Township Healthcare District), ("the District"). This discussion includes at least two conversations before Alameda County LAFCo ("LAFCo"): a 2013 Municipal Service Review; a 2014 Sphere of Influence update and resulting Resolution (No. 2014-07); and continuing conversation with the latest being on May 12, 2016 (Agenda Item #6 - AB 2471 Update).

In addition, the recent 2015 – 2016 Grand Jury Report ("the Report") contains two items pertinent to this discussion. One, "The Failure of Eden Township Healthcare District's Mission" resulted in findings that, among other things, challenged the lack of future vision by the District (Finding 16-14); declared the District ineffective in delivering its mission (Finding 16-15); and noted that the District's own stated priority to provide direct healthcare services to the community is "unachievable" (Finding 16-19). The report went on to recommend that the District conduct an inclusive community assessment and ultimately provide the electorate with a choice to vote on whether the District should continue to exist.

Two, "Alameda Local Agency Formation Commission" contained a finding that LAFCo failed to provide sufficient oversight to the District leaving the community "unaware" of whether or not the District has the long-term capacity or intent to provide the services and programs in their mission. The Report went on to recommend that LAFCo must provide greater scrutiny and oversight to the District (Recommendation 16-17); and that LAFCo must "...employ its initiatory powers..." to decide the public value of the District.

The City of Hayward is neither commenting on the quality or extent of services provided by the District nor on the thoroughness with which LAFCo has carried out its duties and responsibilities in the past. What does concern us is (a) the lack of a thorough and in-depth study of the District's finances and decision-making abilities by an independent entity; (b) whether or not District resources are being and have been used appropriately to facilitate the delivery of critical healthcare services to those in desperate need within the voter-approved mission of the District; and (c) the lack of an inclusive, informed, and transparent community conversation on the topic to day-light and discuss these issues in a thoughtful and inclusive manner.

Office of the City Manager

777 B Street • Hayward • CA • 94541-5007
Tel: 510-583-4300 • Fax: 510-583-3601 • Website: www.hayward-ca.gov

In addition to all of the above, the City is aware of AB 2471 (Quirk), which is wending its way through the State Legislative body along with possibly similar legislation initiated by others. While the City absolutely supports Assembly Member Quirk's intent in bringing this legislation forward, arriving at a decision to dissolve the District through the State legislative process appears to fly in the face of an inclusive, informed, and transparent conversation within the community intended to be served by the District.

In light of the above, the City of Hayward is strongly requesting that LAFCo immediately take up an in-depth study of the District. This study should include a review and analysis of the District's past decision-making related to the contract with Sutter Health and whether or not decisions made during that event were consistent with the District's responsibilities to all of its constituents; the District's real estate holdings and their relationship to the voter-approved mission of the District; and the District's ability and intent to meet their overall core mission now and into the future. In addition, the requested study should include an analysis of the flow and advisability of the District's current funding and/or grant program related to various entities around the County along with an in-depth audit of their overall short and long-term financial health in relationship to their original program mission.

Should the above study arrive at the conclusion that the District be dissolved, the City asks that LAFCo be very clear on what dissolution process is being recommended/mandated; and that any possible Successor Agency, if required, is clearly and rationally identified. If the outcome of the study is that the District continues to have a viable mission consistent with that approved by the voters, the City asks that LAFCo make this abundantly clear, along with a financial and programmatic plan that shows clearly how the District will go forward to meet its original voter-approved mission.

The City is aware that the District may be embarking on a community conversation of its own. However, while the District's intentions may be sound, the perception that such conversation may be biased or tainted undermines their intentions. Having an independent and open discussion on these topics within the community appears to be in the best interests of the District and consistent with the authorities and responsibilities of LAFCo. Therefore, the City suggests that the study and community involvement process requested herein be conducted under the auspices of LAFCo, which could be logically funded by a combination of funding from LAFCo and the District in a shared manner as determined by both agencies. Once initiated, the City sincerely hopes that the study and analytical process will be inclusive, highly transparent, and extremely thorough and in-depth; and that all interested parties have an opportunity to participate in multiple ways and at varied times. If it is determined that this matter must go to the voters of the District, it is imperative that this requested study be a clear and simple basis for voter education, and not a point of further obfuscation in the complex legal, financial, and operational history of the District.

Given the pending legislative action, the City believes time is of the essence. Please advise what further information or action LAFCo requires from the City for the Commission to approve and fund this request and to immediately begin and complete this critical action.

Sincerely,



Fran David
City Manager
ICMA-CM

Cc: Mayor and Council, City of Hayward
Lester Friedman, Board Chair, Eden Health District
Dev Mahadevan, Chief Executive Officer
Assembly Member Bill Quirk, Assembly District 20
Supervisor Richard Valle, District Two, Alameda County
Supervisor Wilma Chan, District Three, Alameda County
County Administrator, Susan Muranishi, Alameda County
Mayor Pauline Cutter, San Leandro
City Manager Chris Zapata, San Leandro

**State of California****GOVERNMENT CODE****Section 56378**

56378. (a) In addition to its other powers, the commission shall initiate and make studies of existing governmental agencies. Those studies shall include, but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities. In conducting those studies, the commission may request land use information, studies, joint powers agreements, and plans of cities, counties, districts, including school districts, community college districts, joint powers agencies and joint powers authorities, regional agencies, and state agencies and departments. Cities, counties, districts, including school districts, community college districts, joint powers agencies and joint powers authorities, regional agencies, and state agencies and departments, shall comply with the request of the commission for that information and the commission shall make its studies available to public agencies and any interested person. In making these studies, the commission may cooperate with the county planning commissions.

(b) The commission, or the board of supervisors on behalf of the commission, may apply for or accept, or both, any financial assistance and grants-in-aid from public or private agencies or from the state or federal government or from a local government.

(Amended by Stats. 2015, Ch. 303, Sec. 229. (AB 731) Effective January 1, 2016.)

State of California

GOVERNMENT CODE

Section 56375

56375. The commission shall have all of the following powers and duties subject to any limitations upon its jurisdiction set forth in this part:

(a) (1) To review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.

(2) The commission may initiate proposals by resolution of application for any of the following:

(A) The consolidation of a district, as defined in Section 56036.

(B) The dissolution of a district.

(C) A merger.

(D) The establishment of a subsidiary district.

(E) The formation of a new district or districts.

(F) A reorganization that includes any of the changes specified in subparagraph (A), (B), (C), (D), or (E).

(3) A commission may initiate a proposal described in paragraph (2) only if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378, 56425, or 56430, and the commission makes the determinations specified in subdivision (b) of Section 56881.

(4) A commission shall not disapprove an annexation to a city, initiated by resolution, of contiguous territory that the commission finds is any of the following:

(A) Surrounded or substantially surrounded by the city to which the annexation is proposed or by that city and a county boundary or the Pacific Ocean if the territory to be annexed is substantially developed or developing, is not prime agricultural land as defined in Section 56064, is designated for urban growth by the general plan of the annexing city, and is not within the sphere of influence of another city.

(B) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land, as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.

(C) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

(5) As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

(6) A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

(7) The decision of the commission with regard to a proposal to annex territory to a city shall be based upon the general plan and rezoning of the city. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city prezone the territory to be annexed or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at build-out, and are consistent with the city's general plan. However, the commission shall not specify how, or in what manner, the territory shall be zoned.

(8) (A) Except for those changes of organization or reorganization authorized under Section 56375.3, and except as provided by subparagraph (B), a commission shall not approve an annexation to a city of any territory greater than 10 acres, or as determined by commission policy, where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community to the subject city has been filed with the executive officer.

(B) An application to annex a contiguous disadvantaged community shall not be required if either of the following apply:

(i) A prior application for annexation of the same disadvantaged community has been made in the preceding five years.

(ii) The commission finds, based upon written evidence, that a majority of the registered voters within the affected territory are opposed to annexation.

(b) With regard to a proposal for annexation or detachment of territory to, or from, a city or district or with regard to a proposal for reorganization that includes annexation or detachment, to determine whether territory proposed for annexation or detachment, as described in its resolution approving the annexation, detachment, or reorganization, is inhabited or uninhabited.

(c) With regard to a proposal for consolidation of two or more cities or districts, to determine which city or district shall be the consolidated successor city or district.

(d) To approve the annexation of unincorporated, noncontiguous territory, subject to the limitations of Section 56742, located in the same county as that in which the city is located, and that is owned by a city and used for municipal purposes and to authorize the annexation of the territory without notice and hearing.

(e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and rezoning designations. No subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the rezoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the rezoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district or, for a landowner-voter special district, the number of owners

of land and the assessed value of their land within the territory proposed to be included in the new special district. The number of registered voters shall be calculated as of the time of the last report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation. The assessed value of the land within the territory proposed to be included in a new landowner-voter special district shall be calculated as shown on the last equalized assessment roll.

(g) To adopt written procedures for the evaluation of proposals, including written definitions consistent with existing state law. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

(h) To adopt standards and procedures for the evaluation of service plans submitted pursuant to Section 56653 and the initiation of a change of organization or reorganization pursuant to subdivision (a).

(i) To make and enforce regulations for the orderly and fair conduct of hearings by the commission.

(j) To incur usual and necessary expenses for the accomplishment of its functions.

(k) To appoint and assign staff personnel and to employ or contract for professional or consulting services to carry out and effect the functions of the commission.

(l) To review the boundaries of the territory involved in any proposal with respect to the definiteness and certainty of those boundaries, the nonconformance of proposed boundaries with lines of assessment or ownership, and other similar matters affecting the proposed boundaries.

(m) To waive the restrictions of Section 56744 if it finds that the application of the restrictions would be detrimental to the orderly development of the community and that the area that would be enclosed by the annexation or incorporation is so located that it cannot reasonably be annexed to another city or incorporated as a new city.

(n) To waive the application of Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health, safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60 days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

(o) If the proposal includes the incorporation of a city, as defined in Section 56043, or the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56810.

(p) To authorize a city or district to provide new or extended services outside its jurisdictional boundaries pursuant to Section 56133.

(q) To enter into an agreement with the commission for an adjoining county for the purpose of determining procedures for the consideration of proposals that may

affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county.

(r) To approve with or without amendment, wholly, partially, or conditionally, or disapprove pursuant to this section the annexation of territory served by a mutual water company formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code that operates a public water system to a city or special district. Any annexation approved in accordance with this subdivision shall be subject to the state and federal constitutional prohibitions against the taking of private property without the payment of just compensation. This subdivision shall not impair the authority of a public agency or public utility to exercise eminent domain authority.

(Amended by Stats. 2012, Ch. 62, Sec. 1. (AB 2698) Effective January 1, 2013.)



State of California

GOVERNMENT CODE

Section 56881

56881. The resolution making determinations shall also do all of the following:

(a) Make any of the findings or determinations authorized or required pursuant to Section 56375.

(b) For any proposal initiated by the commission pursuant to subdivision (a) of Section 56375, make both of the following determinations:

(1) Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service.

(2) A change or organization or reorganization that is authorized by the commission promotes public access and accountability for community services needs and financial resources.

(c) If applicable, assign a distinctive short-term designation to the affected territory and a description of the territory.

(d) Initiate protest proceedings pursuant to Part 4 (commencing with Section 57000) in compliance with the resolution.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

**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.

* * * * *

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.

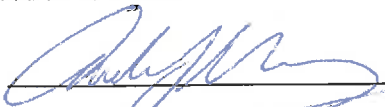
Ayes: 7 (Commissioners Miley, Wieskamp, Haggerty, Johnson, Marchand, Thorne, Sblendorio)
Noes: 0
Excused: 0

/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:

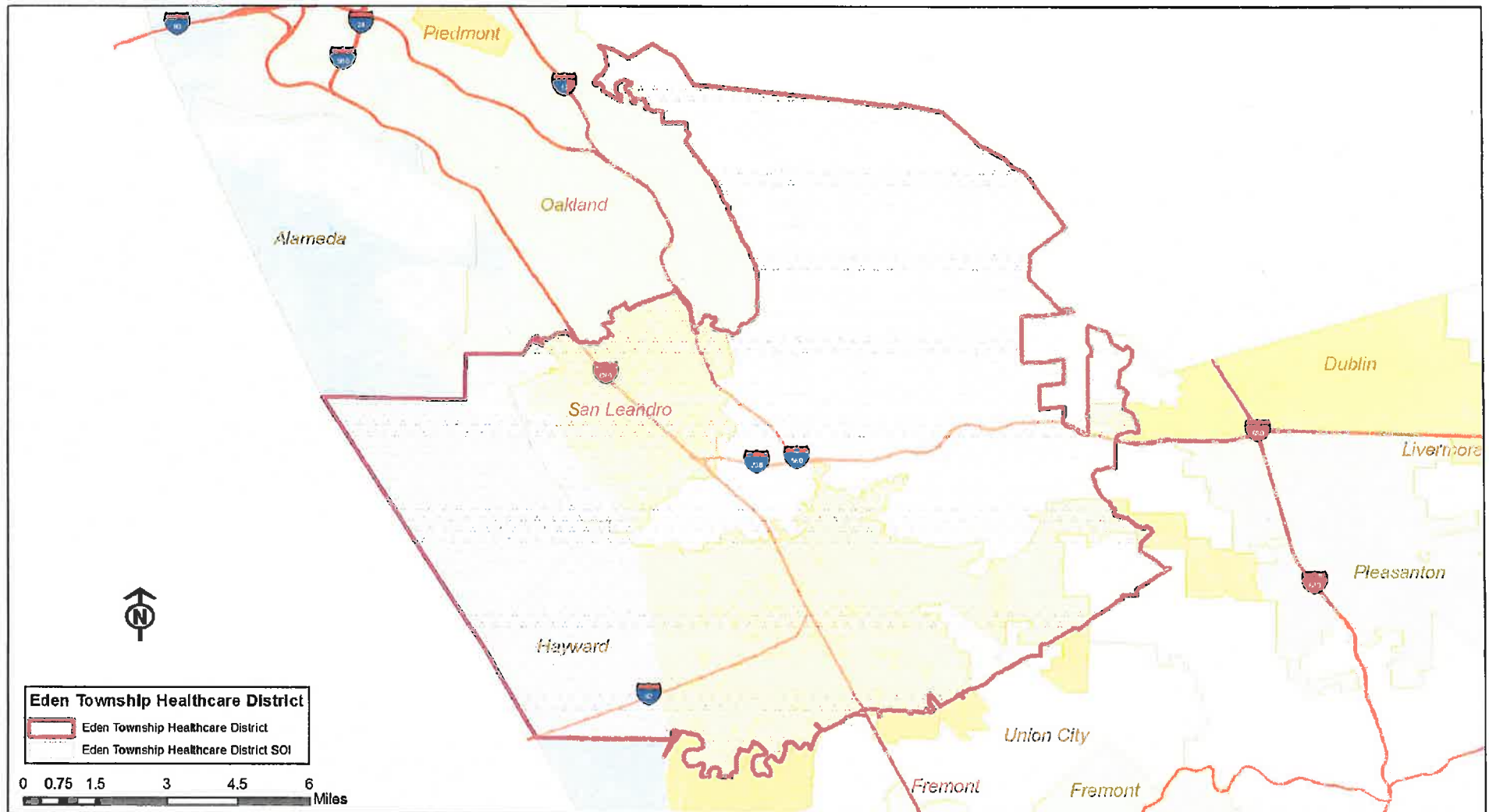


Mona Palacios, LAFCo Executive Officer

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

**ALAMEDA LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 2014-07**

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, Alameda LAFCo conducted a municipal service review (MSR) of the services provided by the Eden Township Healthcare District (ETHD) and adopted Resolution No. 2013-14 making MSR and SOI determinations and approving a provisional coterminous SOI with a condition that the District report back to LAFCo on the progress made on implementing the District's adopted strategic plan priorities and related action plan; and

WHEREAS, at LAFCo's November 13, 2014 meeting, ETHD reported back to the Commission on the status of implementation the District's strategic plan and, based on that report, the Commission determined that removing the provisional status of the District's sphere of influence was warranted.

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

1. Adopt a coterminous SOI, as generally depicted in Exhibit A attached hereto, with the following condition:
 - a. The District report back to LAFCo within six to twelve months regarding the status of its plans with the City of Dublin and provide an update on the District's strategic plan.
2. 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.

- 3. Determine, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that update of the agency's SOI is categorically exempt under Section 15061(b)(3) of the CEQA Guidelines.

* * * * *

This Resolution was approved and adopted by the Alameda Local Agency Formation Commission at the public hearing held on November 13, 2014, at 7051 Dublin Blvd., Dublin, California on the motion made by Commissioner Sbranti, seconded by Commissioner Wieskamp, and duly carried.

AYES: 7 (Miley, Wieskamp, Haggerty, Johnson, Marchand, Sbranti, Sblendorio)
NOES: 0
ABSENT: 0
ABSTAIN: 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.

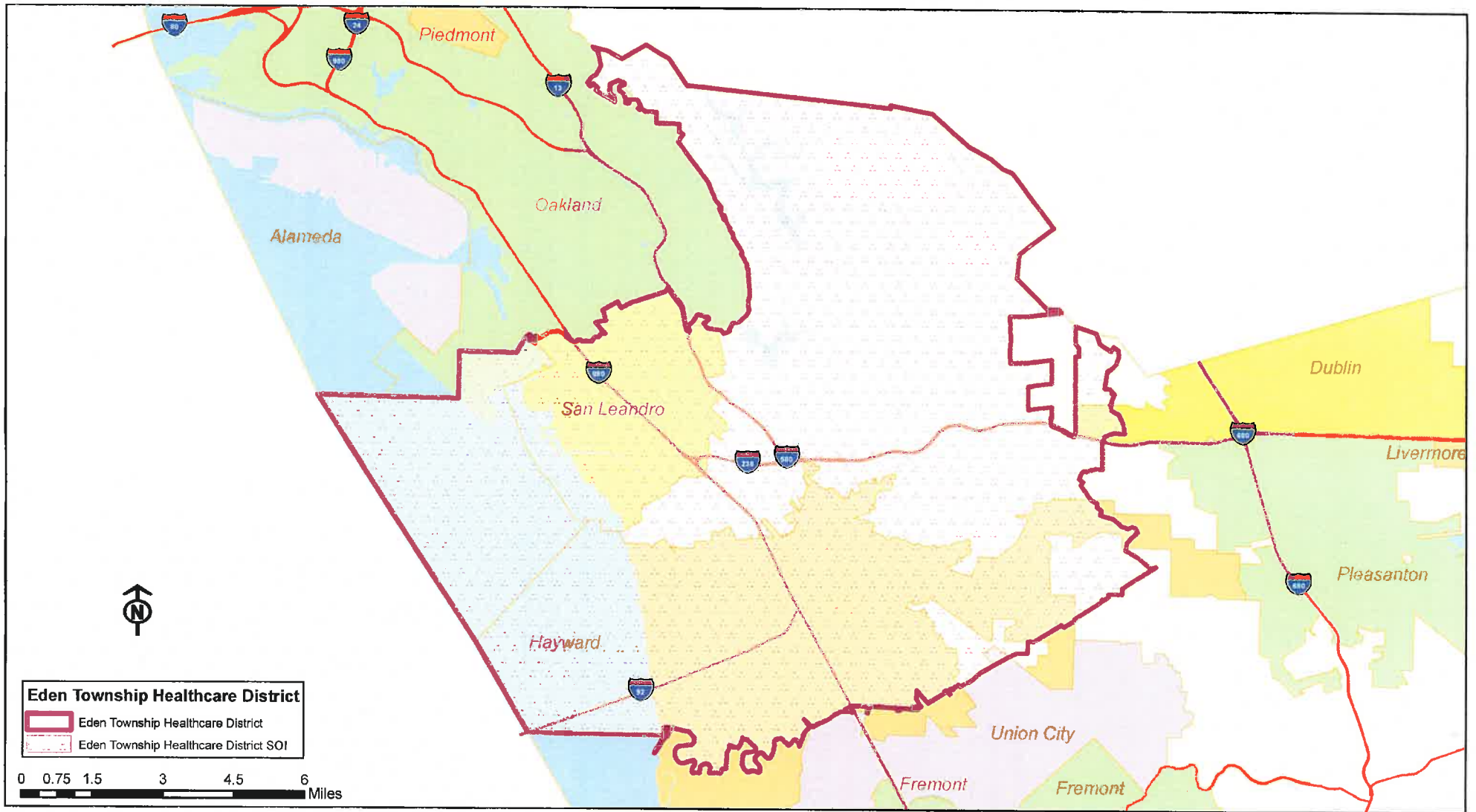
Attest:


Mona Palacios, LAFCo Executive Officer

Date:

11/21/2014

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



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

Staff Report

File #: LB 16-070, **Version:** 1

DATE: June 14, 2016
TO: Mayor and Council
FROM: City Manager

SUBJECT

Request for Approval to Petition LAFCo for the Dissolution of the Eden Township Healthcare District

RECOMMENDATION

That Council approves the attached Resolution authorizing the City Manager to make application to the Local Agency Formation Commission (LAFCo) asking the Commission to consider the question of the possible dissolution of the Eden Township Healthcare District

SUMMARY

The Eden Township Healthcare District (ETHD) was formed by the voters in 1948 under the State's Local Healthcare District Act. Their purpose was to build and operate Eden Hospital in Castro Valley: the hospital opened its doors for the first time in 1954. The District owned and operated the hospital until 1986, when it acquired Laurel Grove Hospital and the two hospitals were integrated to create Eden Medical Center (EMC). ETHD no longer operates any hospital or other direct-service facility. It has not levied taxes since 1977. Their only source of revenue is from lease/rental income from owned office buildings. Their offices are located at 20400 Lake Chabot Road, Suite 104 in Castro Valley.

In 1998, ETHD transferred substantially all of the net operating assets and operations of Eden Hospital to Sutter Health, a California nonprofit corporation. The relationship did not progress well and resulted in a lawsuit by EMC against Sutter, which they eventually lost resulting in a \$19,673,353 judgement against EMC, including damages claim, court costs, fees, and pre-judgement interest.

In recent years, ETHD has made some annual grants to non-profit agencies in the District involved in or supporting healthcare, including hospitals. The grants were funded by revenue from lease/rent income from office buildings owned by the District. A question has arisen by jurisdictions within the ETHD as to whether or not the District continued to have a viable purpose as a Special District, with a separate administration and an elected Board of Directors; and there is disagreement. This report presents a transparent and inclusive way to have a conversation to discuss and resolve the question in a formal setting.

BACKGROUND (Taken in large part from the [December 9, 2013 LAFO Service Review Report](http://www.acgov.org/lafco/documents/finalmsr2013/eden-final.pdf) <<http://www.acgov.org/lafco/documents/finalmsr2013/eden-final.pdf>>.)

District History and Characteristics

The Eden Township Healthcare District (ETHD) was formed by the voters in 1948 to build and operate Eden Hospital in Castro Valley: the hospital opened its doors for the first time in 1954. Their offices are located at 20400 Lake Chabot Road, Suite 104 in Castro Valley. ETHD was formed as an independent special district under the State's Local Healthcare District Act. The principal act empowers healthcare districts to levy taxes and provide an array of services relating to the protection of residents' health and lives.

The District was formed pre-LAFCo in 1948. There have been several actions taken by LAFCo including the detachment of a few parcels from the District in the early 1970s. ETHD boundary area encompasses 130.6 square miles and includes the City of San Leandro, most of the City of Hayward, and a large portion of Unincorporated Alameda County. (See Attachment I for a boundary map.) The District is governed by a five-member board of directors elected to four-year terms. The Board meets monthly on the third Wednesday of each month at 5:30 in the afternoon in the District conference room located at the Eden Medical Building.

As noted above, ETHD was originally formed to finance, construct, and operate Eden Hospital. The District owned and operated the hospital until 1986, when it acquired Laurel Grove Hospital and the two hospitals were integrated to create Eden Medical Center (EMC).

In 1994, in response to the damage caused by the Northridge earthquake, the legislature passed SB 1953, a seismic safety law that required hospitals to meet stricter seismic safety standards. An estimated retrofit cost of \$200-300 million resulted in ETHD's decision to affiliate with a larger partner to finance the replacement facility, and in 1998, ETHD transferred substantially all of the net operating assets and operations of the hospital to Sutter Health, a California nonprofit corporation. The eleven-member board overseeing EMC consisted of the District's five elected board members, five community members appointed by Sutter Health, and the Hospital's Chief Executive Officer.

In 2004, ETHD purchased San Leandro Hospital and leased it to Sutter Health. The lease agreement required Sutter Health to replace Eden Medical Center or pay ETHD \$260 million to replace it. In 2006, Sutter Health informed ETHD that the cost of the replacement hospital had exceeded \$400 million and it was no longer justifiable. ETHD and Sutter Health entered lengthy negotiations. Part of the negotiated agreement was the District's agreement to relinquish its place on the EMC board six months after the replacement hospital construction commenced. The replacement hospital would be constructed entirely at Sutter Health's expense, not to exceed \$300 million. Another part of the agreement was that Sutter Health obtained an option to buy San Leandro Hospital.

The construction of the replacement hospital began in July 2009 and the District's board members resigned from the EMC's board in January 2010. In the fall of 2009, Sutter Health exercised its option to purchase San Leandro Hospital. ETHD, fearing that Sutter Health intended to close San Leandro Hospital, did not consent to the transfer of ownership. Sutter Health sued in court, which resulted in trial judgment

against ETHD. ETHD appealed and lost in the California Court of Appeals. The District's final attempt to stop the sale of San Leandro Hospital to Sutter Health was its appeal to the Supreme Court of California. The Supreme Court refused to hear the case.

Currently, ETHD does not operate any hospital nor is it affiliated with EMC. The District administers a community grant fund. Grant funds are distributed to nonprofits and government agencies providing healthcare, food, legal service, and other support services to low-income people in the District's service area. Members of the Board carefully evaluate every application and make their grant selections twice annually in open session during their scheduled Board meeting. It has been claimed by ETHD Board Members that the San Leandro Hospital/Sutter action cost the District \$50 million -- \$30 million to San Leandro Hospital and Legal Fees and \$20 million to Sutter as an outcome of the lawsuit filed by the District.

In its current format, the District does not operate any medical/hospital facilities. Rather, it distributes grant funds to community organizations for activities related to the health and wellbeing of residents within the District's boundaries. ETHD has given grants to over sixty organizations over the last fourteen years (as of 2013) for a total of more than \$8.6 million to promote the health of the community. (NOTE: 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. Grant making resumed in FY 11-12.)

ETHD owns a medical office building, the Dublin Gateway Center, located outside of its boundaries in the City of Dublin in which ETHD leases space to doctors and medical clinics. The District also owns two other medical office buildings within its bounds, San Leandro Medical Arts Building and Eden Medical Building, which are rented out to healthcare providers who serve district residents and non-residents alike. Eden medical Building also houses the Districts administrative headquarters.

ETHD's Sphere of Influence (SOI) was established in 1984 as coterminous with its boundaries. Districts must apply and obtain LAFCo approval to exercise services authorized by the principal act but not already provided (i.e., latent powers) by the district at the end of 2000. During the 2004 SOI updates, LAFCO reaffirmed the coterminous SOI, since no reorganizations or changes in service area were proposed by the District at that time.

As of 2010, the population of the area in ETHD was 360,113. Its population density-2,757 residents per square mile-is significantly higher than the countywide density of 1,840 people per square mile. Based on Association of Bay Area Governments (ABAG) growth projections and ETHD's estimated 2010 Census population, the population of the area within the District is anticipated to reach 437,897 by 2035.

Overall View of District Finances

In FY 10-11, ETHD's revenues totaled \$4.4 million, which consisted of operating (83%) and non-operating (17%) revenue sources. A majority of the operating revenue came from rental income. Non-operating revenue included interest income and change in fair value of investments. ETHD no longer receives any property taxes, special taxes, or benefit assessments. The last year they levied any taxes was FY 1977.

At the end of FY 10-11, the rental properties generating income included San Leandro Medical Arts Building (acquired in July 2004), Lake Chabot Road Building (acquired in October 2004, but subsequently replaced by a newly constructed Eden Medical Building in 2012), and Dublin Gateway

Center (acquired in June 2007). Revenues for FY 11-12 and FY 12-13 were \$4.1 million and \$5 million respectively. The District's revenues in FY 12-13 increased due to increase in rental income.

In FY 10-11, ETHD investment in capital assets totaled \$94,774,617. At the end of FY 12-13, ETHD's total unrestricted net assets amounted to \$10 million, which constituted about eighteen months of operating expenditures. As of November 2nd, 2013, occupancy rates in the rental properties were: Dublin Gateway Center-72%, San Leandro Medical Arts Center-89%, and Eden Medical Building-60%. Eden Medical Building's occupancy rate has increased as two new leases went into effect on the third floor nearly filling that floor.

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. At the end of FY 14-15, ETHD's total unrestricted net assets amounted to \$10.5 million; and revenue of \$6.7 million including \$637,964 one-time revenue from the sale of a partnership interest. The District's total liabilities at year-end as reflected in the recent audit are \$63.2 million dollars. Their balance sheet reflects a continued annual loss of around \$1 million dollars, not including accounting measures to reclassify assets from "Non-current" to "Current" based on due dates of applicable loans.

As a result of the law suit with Sutter, the District owes Sutter \$19,673,353 on the damages claim, court costs, fees, and pre-judgement interest. This is to be paid to Sutter along with annual interest payments on January 1, of each year, with the first installment having been paid on June 30, 2015. This payment was one tenth of the amount owed (\$1,967,335) plus interest from January 8, 2014 to December 31, 2014. The remaining balance is due as of June 30, 2015 is \$17,706,018, which is expected to be paid off over the course of ten years.

DISCUSSION

So, what is the current issue? There is a question in the communities served by the District, particularly Unincorporated Alameda County, San Leandro, and Hayward, about the continued existence of the District since they no longer have a hospital and no longer collect taxes. Their primary function appears to be as property owners/landlords and irregular grantors to hospitals and non-profit entities throughout the District. (See Attachment II for a historical representative sample of grantees.) The question has been posed as to the future of the District: Should it continue? If it should, what is the role of the District into the future? Should it be dissolved and its assets managed by a Successor Agency or sold with any remaining cash after resolution of liabilities distributed to others? And, if it should be dissolved, what is the proper mechanism for deciding and accomplishing that?

The following alternatives may exist as avenues to further explore options and/or to take steps in one direction or the other. Certainly, they are alternatives being discussed within ETHD and by others outside of the District.

- A. Self-Decision: There is controversy as to whether or not the District could or should decide its future on its own. What is clear is that the District has expressed a desire to continue in existence and is not planning on dissolving. There are other Healthcare Districts in California that also do not have a hospital in their purview but which continue to exist, and which may or may not continue collecting taxes. ETHD states that they serve a role in maintaining the community healthcare safety net through grants to hospitals (Alameda Healthcare System including San

Leandro Hospital and St. Rose); and to non-profit agencies. (See Attachment II for a historical representative sample of grantees.)

- B. **State Legislation:** Two pieces of legislation have recently been introduced to move the dissolution of the District along - **AB 72** <http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB72> (Bonta) and **AB 2471** <http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB2471> (Quirk). The later appears to be in a better position to move forward. The disadvantage of approaching the problem legislatively is that this method lacks community conversation and by-passes the very agency charged with reviewing these exact situations - the Local Area Formation Commission (LAFCo). Legislation may have a role in the process should the community decision be made to dissolve the District, but it appears premature at this point.
- C. **LAFCo:** LAFCo is a state mandated local agency that oversees boundary changes to cities and special districts, the formation of new agencies including incorporation of new cities, and the consolidation of existing agencies. The broad goals of the agency are to ensure the orderly formation of local government agencies, to preserve agricultural and open space lands, and to discourage urban sprawl. More extensive information on the role of LAFCos in California can be found [here <https://www.acgov.org/lafco/documents/50_Years_of_LAFCos.pdf>](https://www.acgov.org/lafco/documents/50_Years_of_LAFCos.pdf).

LAFCos regulate, through approval or denial, the boundary changes proposed by other public agencies or individuals. LAFCos do not have the power to initiate boundary changes on their own, except for proposals involving the dissolution, merging, or consolidation of special districts.

One of the most important charges given to LAFCos was the adoption of "Spheres of Influence" for local governments (1972). A "Sphere of Influence" (Sol) is the physical boundary and service area that a local governmental agency is expected to serve in the future. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping jurisdictions and duplication of services. Commissions cannot tell counties or cities what their planning goals should be. Rather, LAFCos coordinate the orderly development of a community through reconciling differences between city and county plans so the most efficient urban service arrangements are created for the benefit of area residents and property owners.

Through special studies, LAFCos encourage governments to evaluate their current operations and options for reorganization. Local agencies often overlap and have the potential of duplicating services. LAFCos conduct service studies and consolidation feasibility studies. These studies provide general information about local governments and present alternatives for improving services and reducing operational cost.

As of July 1, 1994, LAFCos have the authority to initiate proposals that include the dissolution or consolidation of special districts, the merging of an existing district or establishment of subsidiary

districts. Prior to initiating such an action, LAFCo must determine that the district's customers would benefit from the proposal through adoption of a Sphere of Influence or other special study. Cities and districts are required to obtain LAFCo's approval prior to entering into contracts with private individuals or organizations to provide services outside of the agencies boundaries.

Alameda County LAFCo <<https://www.acgov.org/lafco/>> has taken up the issues around ETHD several times in the past, the most recent being a complete [Municipal Services Review](https://www.acgov.org/lafco/documents/finalmsr2013/eden-final.pdf) <<https://www.acgov.org/lafco/documents/finalmsr2013/eden-final.pdf>> (MSR) and [Sol Resolution](https://www.acgov.org/lafco/documents/ETHD.11.13.14update.pdf) <<https://www.acgov.org/lafco/documents/ETHD.11.13.14update.pdf>> in 2013, an update of it in 2014, and informal conversations over the last few months, with the last being on [May 6, 2016](http://www.acgov.org/lafco/documents/supporting_docs/supporting_docs/Item%206%20AB%202471.pdf)

<[http://www.acgov.org/lafco/documents/supporting_docs/supporting_docs/Item 6 AB 2471](http://www.acgov.org/lafco/documents/supporting_docs/supporting_docs/Item%206%20AB%202471.pdf)>. Although each time, LAFCo has reaffirmed the District's existence, the Commission members are prepared to take up the issues again more formally if such an application to do so is presented to them.

- D. **Voter Action:** Obviously, the District was originally formed by the voters. The current ETHD [Board](http://ethd.org/about/board-members/) <<http://ethd.org/about/board-members/>>, as represented by Mr. Dev Mahadevan, Chief Executive Officer, holds the position that because the District was created by the voters, only the voters can dissolve the District. Even if a majority of the interested parties concurred in this perspective, it is unlikely that the District itself would initiate such an action; as this involves a full electoral process and the District does not concur that they should be dissolved.

The "interested parties" of Alameda County and the cities of San Leandro and Hayward may not totally agree on the future of ETHD, its current purpose, or the eventual dispersal of any assets, but they do share the perspective that the matter should receive a full public discussion. Of the alternatives identified above, having the matter formally heard before LAFCo appears to be the best and most transparent alternative. In order to activate that process, a formal application needs to be made to the Commission. As one of the largest member jurisdictions of the District, Hayward is being looked to as a leader in submitting that application. As such, Council is being asked to authorize the City Manager to initiate the application process.

It is important to note that the intention in initiating the LAFCo process is to assure that the future of EHTD gets a full and complete public airing and that there is an opportunity for all stakeholders to voice an opinion or perspective. It is not the intent of this application for Hayward to take a position at this time on the continuation/dissolution of the District or on the management of their assets should dissolution occur. In addition, partnering with other jurisdictions in staff effort and associated costs may be possible, including co-applying to LAFCo. However, that will have to be more fully explored as staff prepares and files the LAFCo application.

FISCAL IMPACT

There is a potential fiscal impact to this process, which although potentially shared among the above three named jurisdictions, will likely be "fronted" by the City of Hayward. The fee to LAFCo simply to submit the application is \$5,000. The process for the full public hearing process is much like that of a

Proposition 218 hearing:

1. Application is received
2. Notice is given to interested parties. (Per the 2010 census, there are approximately 175,000 voters in the District and 153,000 households. These are estimates and need to be verified.)
3. An opportunity exists in the process for a majority protest to terminate the action.
4. If the threshold is met for a majority protest (25% of the voters or 25% of landowners who own at least 25% of the assessed land value in the District), an election must be held. (Based on the above numbers, 25% of voters equals approximately 43,750 voters.)
5. If an election is to be held, notice and ballots will need to be made and distributed.
6. Votes will have to be counted.

Clearly, there is a cost to the LAFCo review and to the response to a possible successful protest. The exact cost is dependent on the actual number of households and voters and on the type of election/ballot process used.

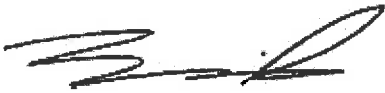
NEXT STEPS

If Council authorizes the City Manager to make the LAFCo application, the application will be completed and filed by the end of June. LAFCo requires a thirty-day review period before setting the matter for hearing. Once it is scheduled for an agenda, there is a twenty-one day "Notice of Hearing" period; and then hearings are held as needed for the Commission members to fully hear all parties on an issue and to reach a conclusion. After adopting a resolution that takes a specific action, there is a thirty-day "reconsideration" period before the protest hearing can be held. Depending on the results of the protest hearing, LAFCo will order the dissolution, order the dissolution subject to election, or terminate the proceedings.

LAFCo meets the second Thursday on odd months, with their next regularly scheduled meeting being July 14, 2016. However, as mentioned above, LAFCo has readily agreed to meet more frequently in order to expedite the hearing of this topic.

Of note related specifically to the dissolution of a healthcare district: LAFCo is required to send notice of receipt of an application to dissolve a healthcare district to the various state agencies that have oversight or regulatory responsibility over healthcare districts including the State Department of Health Care Services, including the Medi-Cal division, the Office of Statewide Health Planning and Development, including the Cal-Mortgage Loan Insurance Division, the California Health Facilities Financing Authority, and the State Department of Public Health, including the Licensing and Certification Division. The state agencies have sixty days to comment on the proposal, which may add time to the above timeline. (See [government code section 56131.5 <http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=56131.5>](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=56131.5).)

Approved by:



Fran David, City Manager

Attachments:

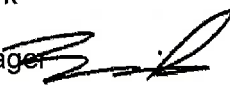
Attachment I	ETHD Map
Attachment II	ETHD Service Review

Cc: Dev Mahadevan, Chief Executive Officer, ETHD/EMC
Mona Palacios, Executive Officer, LAFCo
Wilma Chan, Supervisor, Alameda County
Pauline Cutter, Mayor, San Leandro

Item #18 LB 16-070

Resolution



DATE: June 13, 2016
TO: Mayor and City Council
CC: Michael Lawson, City Attorney
Miriam Lens, City Clerk
FROM: Fran David, City Manager 
RE: Resolution of Application for the Dissolution of the Eden Township Healthcare District/Eden Health District

Mayor and Council, in order for the petition to LAFCo to be effective, Council will have had to pass a Resolution. I apologize that said Resolution was not provided with the Council report (Item LEG 16-070 on the 6/14 Council Agenda) on Friday.

Please find attached said Resolution, which is available to Council should you choose to go forward with the request to LAFCo. As noted in the report, review by LAFCo presents a transparent and inclusive way to have a conversation to discuss and resolve the question of ETHD/EHD* in a formal setting. It is the primary venue in which to have a community conversation regarding all of the available options for the future of the District.

If approved, City staff will work to complete and submit an application to the LAFCo asking for a discussion before LAFCo regarding the possible dissolution of the Eden Township Healthcare District/Eden Health District*, with the intent of having a full and thorough review of the District's operations to determine whether or not it should remain in existence.

*(*NOTE: The formal name of the District appears to have been changed to Eden Health District, and this name is reflected in the Resolution.)*

Office of the City Manager

777 B Street • Hayward • CA • 94541-5007
Tel: 510-583-4300 • Fax: 510-583-3601 • Website: www.hayward-ca.gov

ATTACHMENT III

HAYWARD CITY COUNCIL

RESOLUTION NO. 16-

RESOLUTION OF APPLICATION BY THE CITY OF HAYWARD REQUESTING
THE LOCAL AGENCY FORMATION COMMISSION TO BEGIN PROCEEDINGS
FOR THE DISSOLUTION OF EDEN HEALTH DISTRICT

WHEREAS, the City of Hayward desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, to explore the possible dissolution of Eden Health District; and

WHEREAS, notice of intent to adopt this resolution of application has been given to many other agencies, it has not been given to each interested and each subject agency; and

WHEREAS, the territory that would be the subject of the dissolution conversation is inhabited, and a description of the boundaries of the territory is set forth in Attachment I attached hereto and by this release incorporated herein; and

WHEREAS, this proposal is consistent with the Sphere of Influence of the affected district; and

WHEREAS, the reasons for exploring the proposed dissolution are as follows: communities served by the District, particularly Unincorporated Alameda County, San Leandro, and Hayward, question the continued existence of the District since it no longer owns or operates a hospital and no longer collects taxes. The primary function of the District appears to be as a property owner/landlord and irregular grantor to hospitals and non-profit entities throughout its territory.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward hereby adopts and approves this Resolution of Application, and the Local Agency Formation Commission of Alameda County is hereby requested to take proceedings to explore the possible dissolution of territory as described in Attachment I, according to the terms and conditions stated above and in the matter provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2016

ADOPTED BY THE FOLLOWING VOTE:

AYES:

ATTACHMENT III

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

Item #18 LB 16-070

**Communication from Dev Mahadevan
Chief Executive Officer, Eden Health District**

From: Dev Mahadevan

Sent: Monday, June 13, 2016 2:36 PM

To: Al Mendall; Francisco Zermeno; Marvin Peixoto; Greg Jones; Sara Lamnin; Elisa Marquez; Barbara Halliday

Cc: Fran David; Richard Valle; Mona Palacios; Lex Reddy; LESTER FRIEDMAN; Ron Hull DPM; Roxann Lewis; Thomas E. Lorentzen; Vin Sawhney

Subject: Petition to LAFCo to Dissolve Eden Township Healthcare District

Dear Mayor Halliday and City Council Members,

I have some additional information regarding the agenda item on your meeting agenda tomorrow regarding the Eden Township Healthcare District and the petition to LAFCo to start a dissolution process of the District.

We have just had since yesterday to confer on this subject (since I did not get to the e-mail until Sunday noon) and was unaware that we need to present information about this. I understand that the information was not finalized until late last week, but we cannot possibly provide you with complete information about the value of the District to the City of Hayward and the community in the short time available. We are requesting that you give us an extension until July 19, 2016 to present additional information for you to consider.

We are working with St. Rose Hospital to provide them with information regarding their reimbursement as a district hospital, a question we examined and abandoned as not beneficial in 2012 (we also discussed potential organizational structures at that time). Clark and Associates, who are contracted to do the work, expect to complete the work by the end of June or early July. If there is substantial benefit to St. Rose Hospital under such a structure, the Hospital might want to consider using the existing district structure to take advantage of reimbursement benefits. It would be a significant expenditure of resources and time, which can be avoided if this decision were postponed until your meeting of July 19, 2016. The report should be on hand by then.

It is easier to maintain the District, which costs the taxpayers nothing and provides a community benefit rather than to create a new district after dissolving the existing one at considerable cost. This relatively short wait can forestall this use of resources. We hope we can address this issue at the meeting tomorrow.

Sincerely,

Dev Mahadevan

Chief Executive Officer



20400 Lake Chabot Road, Suite 303
Castro Valley, CA 94546
(510) 538-2031

Item #18 LB 16-070

**Communication from Pamela Russo
Executive Director, Hayward Area Recreation & Park District Foundation**

From: Pam Russo

Sent: Tuesday, June 14, 2016 4:21 PM

To: Barbara Halliday; Francisco C Zermeno; Fran David; Sara Lamnin; Elisa Marquez; Greg Jones; Al Mendall; Marvin Peixoto

Cc: 'dev mahadevan'; Valle, Richard, Supv BOS Dist 2; DeMartini, Ginny, BOS Dist 2

Subject: ETHD

Dear Mayor Halliday, City Council and Ms. David,

I have concerns about how the City of Hayward and its health entities will benefit from the dissolution of the **Eden Township Healthcare District**. It is not clear who or how the District's assets will be administered if the District is dissolved by legislation or LAFCo. Unfortunately, once again, this process will involve attorneys, court fees, time, resources and money. Most importantly decisions will be made without our voice.

If the District can produce a plan of action as to how they will serve the health needs of the communities, it will keep decisions local. It is my hope that the ETHD will bring together key public leaders and healthcare entities and settle this locally, with a plan of action and accountability.

My concern is the City of Hayward and its healthcare entities. The residents of Hayward and its healthcare entities have not been the priority in previous healthcare decisions, nor has the needed support been there from the City or County.

I know you all value healthcare and collaboration. I believe you can make a difference in this decision...and keep the resources where they will best serve our City. I ask you delay going forward with the Petition for the Dissolution of the ETHD until such time a plan of action is produced by the District.

Thank you for your consideration,
Pam Russo



Explore
Play
Learn

Pamela Russo

Executive Director

Hayward Area Recreation & Park District Foundation

1099 "E" Street | Hayward, CA | 94541

510-888-0111 (p) | 510-888-5758 (f)

farm@haywardrec.org

WWW.HAYWARDREC.ORG

Enjoy life with H.A.R.D.!



AMENDED IN ASSEMBLY MAY 10, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2471

Introduced by Assembly Member Quirk
(Coauthor: Assembly Member Bonta)

February 19, 2016

An act to amend ~~Section~~ *Sections 57077.1 and 57103* of the Government Code, and to add Chapter 8 (commencing with Section 32495) to Division 23 of the Health and Safety Code, relating to health care districts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2471, as amended, Quirk. Health care districts: dissolution.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts by local agency formation commissions. Existing law establishes the procedures for the dissolution of the existence of a district and sets forth provisions for winding up the affairs of a dissolved district, as specified. Existing law generally authorizes the dissolution of a district without voter approval, except as specified. Notwithstanding those provisions, existing law subjects the dissolution of a health care district to voter approval.

This bill would require ~~a the Alameda County~~ local agency formation commission to order the dissolution of ~~a health care district without an election if the~~ *the Eden Township Healthcare District if that* health care district meets certain criteria, as specified. The bill would subject a dissolution under these provisions to ~~the specified~~ provisions of the act ~~for winding up the affairs of a dissolved district. that require dissolution~~

by voter approval only if a majority protest exists, as specified. By requiring a higher level of service from the Alameda County local agency formation commission to analyze the criteria described above, the bill would impose a state-mandated local program.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Eden Township Healthcare District in Alameda County.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 57077.1 of the Government Code is
- 2 amended to read:
- 3 57077.1. (a) If a change of organization consists of a
- 4 dissolution, the commission shall order the dissolution without
- 5 confirmation of the voters, except if the proposal meets the
- 6 requirements of subdivision (b), the commission shall order the
- 7 dissolution subject to confirmation of the voters.
- 8 (b) The commission shall order the dissolution subject to the
- 9 confirmation of the voters as follows:
- 10 (1) If the proposal was not initiated by the commission, and if
- 11 a subject agency has not objected by resolution to the proposal,
- 12 the commission has found that protests meet one of the following
- 13 protest thresholds:
- 14 (A) In the case of inhabited territory, protests have been signed
- 15 by either of the following:
- 16 (i) At least 25 percent of the number of landowners within the
- 17 affected territory who own at least 25 percent of the assessed value
- 18 of land within the territory.
- 19 (ii) At least 25 percent of the voters entitled to vote as a result
- 20 of residing within, or owning land within, the affected territory.

1 (B) In the case of a landowner-voter district, that the territory
2 is uninhabited and that protests have been signed by at least 25
3 percent of the number of landowners within the affected territory
4 owning at least 25 percent of the assessed value of land within the
5 territory.

6 (2) If the proposal was not initiated by the commission, and if
7 a subject agency has objected by resolution to the proposal, written
8 protests have been submitted as follows:

9 (A) In the case of inhabited territory, protests have been signed
10 by either of the following:

11 (i) At least 25 percent of the number of landowners within any
12 subject agency within the affected territory who own at least 25
13 percent of the assessed value of land within the territory.

14 (ii) At least 25 percent of the voters entitled to vote as a result
15 of residing within, or owning land within, any subject agency
16 within the affected territory.

17 (B) In the case of a landowner-voter district, that the territory
18 is uninhabited and protests have been signed by at least 25 percent
19 of the number of landowners within any subject agency within the
20 affected territory, owning at least 25 percent of the assessed value
21 of land within the subject agency.

22 (3) If the proposal was initiated by the commission, and
23 regardless of whether a subject agency has objected to the proposal
24 by resolution, written protests have been submitted that meet the
25 requirements of Section 57113.

26 (c) Notwithstanding subdivisions (a) and (b) and Section 57102,
27 if a change of organization consists of the dissolution of a district
28 that is consistent with a prior action of the commission pursuant
29 to Section 56378, 56425, or 56430, the commission may do either
30 of the following:

31 (1) If the dissolution is initiated by the district board,
32 immediately approve and order the dissolution without an election
33 or protest proceedings pursuant to this part.

34 (2) If the dissolution is initiated by an affected local agency, by
35 the commission pursuant to Section 56375, *by the Alameda County*
36 *local agency formation commission pursuant to Section 32495 of*
37 *the Health and Safety Code*, or by petition pursuant to Section
38 56650, order the dissolution after holding at least one noticed
39 public hearing, and after conducting protest proceedings in
40 accordance with this part. Notwithstanding any other law, the

1 commission shall terminate proceedings if a majority protest exists
2 in accordance with Section 57078. If a majority protest is not
3 found, the commission shall order the dissolution without an
4 election.

5 ~~SECTION 1.~~

6 *SEC. 2.* Section 57103 of the Government Code is amended
7 to read:

8 57103. Any order in any resolution adopted by the commission
9 on or after January 1, 1986, ordering the dissolution of a local
10 hospital district, organized pursuant to Division 23 (commencing
11 with Section 32000) of the Health and Safety Code, is subject to
12 confirmation by the voters, except as set forth in Chapter 8
13 (commencing with Section 32495) of Division 23 of the Health
14 and Safety Code.

15 ~~SEC. 2.~~

16 *SEC. 3.* Chapter 8 (commencing with Section 32495) is added
17 to Division 23 of the Health and Safety Code, to read:

18
19 CHAPTER 8. DISSOLUTION
20

21 ~~32495. (a) A local agency formation commission shall order~~
22 ~~the dissolution of a health care district without an election if the~~
23 ~~health care district meets all of the following criteria:~~

24 *32495. (a) The Alameda County local agency formation*
25 *commission shall review the compliance of the Eden Township*
26 *Healthcare District with the criteria set forth in subdivision (b).*
27 *If all of the criteria under subdivision (b) are met, the commission*
28 *shall order the dissolution of the district pursuant to paragraph*
29 *(2) of subdivision (c) of Section 57077.1 of the Government Code.*

30 *(b) For purposes of subdivision (a):*

31 *(1) The health care district does not currently receive a property*
32 *tax allocation.*

33 *(2) The health care district has substantial net assets.*

34 *(3) The health care district does not provide a direct health care*
35 *service.*

36 *(4) The health care district fails to comply with Section 32496,*
37 *if that section is added by Assembly Bill 2737 of the 2015–16*
38 *Regular Session of the Legislature.*

39 ~~(b)~~

1 ~~(c) If a local agency formation~~ *the commission orders the*
2 ~~dissolution of a health care~~ *the district pursuant to subdivision (a),*
3 ~~the dissolution shall be subject to the provisions for winding up~~
4 ~~the affairs of a dissolved district, as set forth in Chapter 6~~
5 ~~(commencing with Section 57450) of Part 5 of Division 3 of Title~~
6 ~~5 of the dissolution process, as set forth in paragraph (2) of~~
7 ~~subdivision (c) of Section 57077.1 of the Government Code.~~

8 ~~(e)~~

9 *(d) For purposes of this section:*

10 *(1) "Direct health care service" means the ownership or*
11 *operation of a hospital, medical clinic, wellness center, or*
12 *ambulance service.*

13 ~~(2) "Local agency formation commission" means the~~
14 ~~commission in whose sphere of influence, as defined in Section~~
15 ~~56076 of the Government Code, the health care district exists.~~

16 *(2) "District" or "health care district" means the Eden*
17 *Township Healthcare District.*

18 *(3) "Local agency formation commission" or "commission"*
19 *means the Alameda County local agency formation commission.*

20 *SEC. 4. The Legislature finds and declares that a special law*
21 *is necessary and that a general law cannot be made applicable*
22 *within the meaning of Section 16 of Article IV of the California*
23 *Constitution because of the unique circumstances relating to the*
24 *Eden Township Healthcare District in Alameda County.*

25 *SEC. 5. If the Commission on State Mandates determines that*
26 *this act contains costs mandated by the state, reimbursement to*
27 *local agencies and school districts for those costs shall be made*
28 *pursuant to Part 7 (commencing with Section 17500) of Division*
29 *4 of Title 2 of the Government Code.*