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**AGENDA** 6 **November 14, 2013**

November 4, 2013

Honorable Commissioners  
Alameda Local Agency Formation Commission

**Subject: Adoption of Municipal Service Review & Sphere of Influence Determinations & SOI Updates  
for the Fairview Fire Protection & the Eden Township Healthcare District**

Dear Commissioners:

This report presents the municipal service review (MSR) and sphere of influence (SOI) determinations and SOI update recommendations for the Eden Township Healthcare District (ETHD) and the Fairview Fire Protection District (FFPD).

**Options for Commission Action**

*Option 1*

1. Determine that the MSR/SOI update project is Categorically Exempt pursuant to §15306, Class 6 and §15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines;
2. Conduct a public hearing to receive public comment and consider comments presented prior to and during the public hearing;
3. Accept the MSR reports with any desired changes;
4. Adopt resolutions making MSR and SOI determinations and updating the SOI for each agency;
5. Direct staff and consultants to prepare and distribute the final MSR report to each subject agency and all interested parties; and
6. Direct staff to file Notices of Exemption as lead agency under §15062 of the CEQA guidelines.

*Option 2*

If the Commission needs more information, continue this matter to a future meeting.

**Recommended Action**

Approve Option 1.

### **Legislative Authority**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) is codified in the State of California's Government Code. Government Code §56301 spells out LAFCos' purposes:

1. Discourage urban sprawl
2. Preserve open-space and prime agricultural lands
3. Ensure efficient provision of government services
4. Encourage the orderly formation and development of local agencies

CKH directs LAFCos to undertake these purposes based upon local conditions and circumstances.

CKH further requires LAFCos to determine and adopt a sphere of influence (SOI) for each city and special district in the county. In accordance with State law, LAFCos are required to, as necessary, review and update adopted SOIs every five years (Government Code §56425). Prior to or in conjunction with an SOI update, LAFCo is required to conduct an MSR (Government Code §56430). Alameda LAFCo completed its first round of SOI updates and related MSRs in January 2008.

### **MSR and SOI Determinations**

An MSR evaluates the capability of an agency to serve its existing residents and future development within its SOI and must include written determinations with respect to the following seven factors:

1. Growth and population projections;
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI;
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies;
4. Financial ability of agencies to provide services;
5. Status of and opportunities for shared facilities;
6. Accountability for community service needs, including governmental structure and operational efficiencies; and
7. Any other factors related to effective or efficient service delivery, as required by commission policy.

An SOI is defined by CKH as "a plan for the probable physical boundaries and service area of a local agency." The Commission uses SOIs as the basis for considering change of organization proposals such as annexations, dissolutions, formations, and detachments. The Commission also relies on SOIs to identify service inefficiencies such as overlapping service areas and may propose changes to organizations to reduce or eliminate such inefficiencies.

An SOI change neither initiates nor approves a change in governance. If and when government reorganization is initiated, there are procedural steps required by law, including an application, a service plan, a noticed public hearing, and other processes (protest hearing and/or election). More complex governance changes (e.g., mergers, consolidations, etc.) may require supplemental studies to review in depth fiscal and other impacts of such actions.

Required written determinations for SOIs are:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.
6. When adopting, amending or updating an SOI for a district, LAFCo must establish the nature, location and extent of any functions or classes of service.

Alameda LAFCo adopted policies and procedures for conducting municipal service reviews and sphere of influence updates. These policies and procedures are located in the Commission's Guidelines, Policies, and Procedures, Volume I, Part V, Sections 13 and 14 (see Attachment 1).

### **Project Description**

For this cycle of SOI updates, the Commission elected to do a "stand alone" MSR report with an agency description, MSR content, MSR determinations, SOI options and recommendation, maps, and SOI determinations for each agency under LAFCo jurisdiction. The reports and findings will be summarized in a single background and executive summary document after all agencies are completed. The Commission retained the independent consulting firm of Baracco & Associates to assist with this project.

There are 14 cities and 31 special districts under LAFCo jurisdiction. The Commission established criteria to prioritize all of the agencies under review. The criteria include: 1) significant issues identified in the previous MSR, 2) any significant changes in budget, personnel, services offered, or growth in the last five years, 3) LAFCo's action taken during the previous SOI update, 4) any apparent potential need for an SOI change, 5) any new issues concerning the agency, 6) whether the district provides what are considered backbone services, and 7) any other issues of concern or note. Based on those criteria, the agencies were sorted into one of the following review levels:

<b>Abbreviated</b>	Update of the data in the previous MSR with any necessary changes to the required determinations.
<b>Moderate</b>	Update the previous MSR and add additional content on any issues of note or concern with a summary of changes since the last MSR and a review of governance structure options.
<b>In-depth</b>	Update the previous MSR, add additional content on any issues of note or concern with detailed analysis on changes since the last MSR, a detailed review of financial adequacy, a thorough review of any governance structure alternatives.

Both the Fairview Fire Protection District and the Eden Township Healthcare District met the criteria for in-depth review.

The project consultants collected information, analyzed the information, and developed recommendations for SOI options and the required MSR and SOI determinations. The project

consultants presented their recommendations and some initial highlighted findings for each agency to the Commission's MSR/SOI update ad hoc committee prior to presenting to the full Commission for information and comment. The ad hoc committee members were Commissioners Louis Andrade, David Haubert, and Sblend Sblendorio.

The Commission's comments were incorporated into public review draft MSR documents that were distributed to the subject agencies and interested parties, and posted on the Alameda LAFCo website for public comment. The comment period for the ETHD was September 12, 2013 through October 21, 2013 and for the FFPD it was August 7, 2013 through October 11, 2013.

Staff sent notice about the availability of the ETHD MSR for public review to the subject agency's Board of Directors, Chief Executive Officer, and other staff; the County Board of Supervisors and staff; the County's Health Care Services Agency Director; the Hayward and San Leandro City Managers; and the San Lorenzo Village Homeowners Association Board of Directors, as well as the other County staff who were asked to distribute the notice to their various distribution lists. The ETHD posted a link to the MSR on their website. For the FFPD MSR, notice was sent to approximately 55 people including the District Board of Directors, Hayward staff including the Fire Department, the County Board of Supervisors and staff, the County Fire Chief, other County staff who were asked to distribute the notice to their various distribution lists, and approximately 30 people who requested notification.

Each comment on the MSR was logged in as submitted and the project consultants provided responses to each comment and revised the draft MSRs as needed. All MSRs are available on the Alameda LAFCo website at [www.acgov.org/lafco](http://www.acgov.org/lafco).

#### **FFPD – Additional Information**

Attachment 2 presents FFPD's highlighted MSR findings and SOI option recommendations. Highlighted findings from the FFPD MSR include:

- FFPD does not employ any staff directly. The District contracts with the City of Hayward which provides fire protection, emergency medical and paramedic services, auto accident rescue, natural disasters rescue, safe surrender service, and animal rescue.
- Services provided within the FFPD area by the City of Hayward appear to be adequate based on response times, ISO rating and number of complaints.
- FFPD owns its fire equipment and the old inactive station on Fairview Avenue, and allows the City of Hayward to use that equipment and the station at no charge.
- FFPD is primarily served by Fire Station No. 8 which is owned by Alameda County and operated by the Hayward Fire Department. The District indicated, as part of the MSR process, that Fire Station No. 8 is owned by the District. However, ownership has not transferred from Alameda County to FFPD because not all of the conditions of transfer have been satisfied by the District. The District currently leases Fire Station No. 8 for \$1/year (see Attachment 3 – Real Property License Agreement). When the County leased the station to the District in 2000, the District agreed to establish emergency vehicle access (EVA) from East Avenue to Hackamore Drive, and equip and staff a satellite fire station from which fire protection and emergency medical services could be provided on a part-time basis during the fire season (June through October). According to Alameda County, neither of these conditions has been met.
- FFPD reported that current financing levels were adequate to deliver services. The main source of revenue is property taxes.



- Expenses were primarily contract fees to the City of Hayward and capital improvements.
- FFPD's financial reserves amount to about 29 months of operating expenditures.
- FFPD is governed by a five-member Board of Directors and maintains a website. The District should consider website enhancements to improve access to public information, including posting meeting minutes.
- Statements provided during the public comment period indicate that there is a divide among the District's constituents regarding its effectiveness. Some concerns were raised about the efficiency of the current governance structure and that the District has accumulated a large reserve with no expenditure plan or identified purpose for accumulating those funds.
- Four governance structure options were identified with regards to FFPD: 1) Dissolving FFPD and annexing its territory into City of Hayward; 2) Reorganizing FFPD into a subsidiary district of the City of Hayward; 3) Dissolving FFPD and annexing its territory into Alameda County Fire Department; and 4) Retaining status quo.

LAFCo received 27 comments by the October 11th deadline and five after the deadline (see Attachment 4 – FFPD Comment Log). Overall, almost all comments support the existence of the District and the accountability and local control that the District Board provides. While many comments indicate that the District provides exemplary fire protection services, it should be reiterated that the City of Hayward provides the fire protection services. It should also be noted that the Castro Valley Municipal Advisory Council and the Five Canyons Home Owners Association both submitted opposing comments indicating support for dissolving the District and annexing the territory into the Alameda County Fire Department which would serve the unincorporated areas that it can adequately serve from the County owned Fire Station No. 8 and contract with the City of Hayward to serve other areas more adequately served by Hayward.

Another theme in the comments relates to a request for more details on the estimated savings and what will happen to FFPD's assets and liabilities should a change of organization be initiated. Table 1 below provides more detail regarding how the consultant calculated the estimated savings. As noted in the comment log, this MSR is not a dissolution study which would describe in detail the transfer of all assets and liabilities and would identify options for the District's reserves which could include spending or keeping the reserve for the benefit of the current district residents.

*Table 1. Estimated Savings from FFPD Dissolution*

Line Item	FY 2012 <sup>1</sup>	FY 2011 <sup>2</sup>
County Administrative & Collection Fees	\$26,493	\$26,493
Insurance	\$19,109	\$18,726
Legal	\$22,516	\$16,853 <sup>3</sup>
General Election	\$8,631	\$8,631
Accounting (Auditor)	\$8,500	--
Bookkeeping and Clerical	\$7,054	\$7,748
Director Fees	\$3,100	\$6,001

<sup>1</sup> Information Source: unaudited expense data emailed by FFPD on 2/8/2013.

<sup>2</sup> Information Source: basic financial statements provided by FFPD

<sup>3</sup> Includes Accounting (Auditor) expenses

Website related	\$4,176	\$4,206
Miscellaneous	\$4,431	\$4,431
<b>TOTAL SAVINGS</b>	<b>\$104,010</b>	<b>\$93,089</b>

The draft final MSR for FFPD is included as Attachment 5 in redline format. A draft resolution that contains MSR and SOI determinations for FFPD, as well as a recommended SOI update, is provided in Attachment 6.

In addition to the two SOI options identified by the project consultant, staff identified one additional option – a provisional coterminous SOI. Alameda LAFCo's Guidelines, Policies and Procedures (Volume I, Part V, policy 13.14) defines a provisional sphere of influence as a designation indicating that LAFCo has identified in its most recent municipal service review the need for an agency to address organizational issues. Agencies given a provisional sphere will be encouraged to discuss reorganization options or alternatives to existing service provision or governmental structure and to provide LAFCo with written results of their discussions and/or studies.

The project consultant's recommendation differs from staff recommendation and both recommendations are provided below:

<b>Staff SOI Recommendation</b>	<b>Consultant SOI Recommendation</b>
Provisional coterminous SOI with the following condition: 1. By December 31, 2014, the District will provide a report to LAFCo that provides evidence that the District is reviewing its goals and objectives and evaluating its performance, including addressing any constituent concerns identified. If the District does not have written goals and objectives, the Commission will require that the district provide a timetable and workplan to identify goals and objectives by June 30, 2014.	Zero SOI, because FFPD does not provide direct service. There are potential cost savings to be achieved by dissolving the District and having the agency's contract for services either administered by another existing agency or having the services provided directly by another agency. A zero SOI would encourage a reorganization of the services provided to the residents of FFPD.

#### **ETHD – Additional Information**

Attachment 7 presents ETHD's highlighted MSR findings and SOI option recommendations. Highlighted findings from the ETHD MSR include:

- Established in 1948, the District was originally formed to build a hospital in the central Alameda County area. The hospital was built and became operational in 1954. Over the years, the District has expanded and diversified its businesses and, in 1990, the District changed its name from Eden Township Hospital District to Eden Township Healthcare District to reflect the broadening of its services (in 1994, the enabling legislation was modified and changed the District law from Local Hospital District to Local Health Care District).
- Financing levels were reported to be adequate.
- ETHD does not receive any property tax income. Its main source of revenue is income from rental properties.

- ETHD's total unrestricted net assets amounted to \$10 million, or about 18 months of operating expenditures.
- In FY 12-13, ETHD's expenses exceeded revenues by approximately \$3.5 million.
- ETHD's current long-term debt is about \$35 million.
- On June 26, 2013, an arbitrator awarded Sutter Health \$17 million in damages from ETHD over a dispute related to San Leandro Hospital. The District anticipates paying that off over 12 years.
- With occupancy rates of 88, 75, and 40 percent in ETHD's three rental properties, the District appears to have enough capacity to serve the medical office rental demand.
- Due to legal fees, ETHD suspended grant giving in FY 10-11, but resumed making grants in FY 11-12.
- ETHD's grant giving services appear to be adequate as it employs effective grant management techniques.
- ETHD collaborated with other healthcare providers to try to keep St. Rose Hospital in Hayward from closing.
- In addition to status quo, governance alternatives include dissolution, consolidation with Washington Township Healthcare District, and annexation of the City of Dublin.

LAFCo received comments on this MSR from the District staff (see Attachment 8 – ETHD Comment Log). The project consultant provided responses to the comments received and revised the MSR as needed. The draft final MSR for ETHD is included as Attachment 9 in redline format.

Based on the MSR, it appears that ETHD continues to have an impact on the health status of its residents even though the District no longer owns and operates a hospital. The District provides grant funding to healthcare organizations that serve District residents. Additionally, the District now leases office space to doctors and clinics that service District residents. The ETHD also indicates that it would be willing to provide direct services again in the future; for example, it would consider purchasing and operating a hospital or clinic.

Four SOI options were identified for ETHD:

1. Expand the SOI if the Commission wants to encourage the District to annex the City of Dublin where it owns property that it rents for healthcare uses.
2. Adopt a provisional coterminous SOI if the Commission finds that the District needs to address organizational issues.
3. Maintain a coterminous SOI if the Commission finds that no changes are needed.
4. Adopt a zero SOI if the Commission finds that the District should be dissolved or consolidated because it does not provide direct healthcare services.

LAFCo staff recommends that the Commission consider Option 2 with the condition that the District report back to LAFCo by June 30, 2014 on progress made on the District's strategic plan priorities and related action plan as adopted by the District Board of Directors on May 15, 2013 (see Attachment 10 – ETHD Strategic Plan). The project consultant recommends that the Commission consider adopting Option 1.

A draft resolution that contains MSR and SOI determinations for ETHD, as well as a recommended SOI update, is provided in Attachment 11.

**Environmental Analysis**

The MSR is a study intended to serve as an informational tool to help LAFCo, local agencies and the public better understand the public services provided in Alameda County. The service review and determinations are categorically exempt under §15306, Class 6 of the California Environmental Quality Act (CEQA) Guidelines.

SOI changes may be subject to CEQA if such changes significantly amend an SOI. In that case, LAFCo would assume the lead agency role for the purpose of CEQA compliance and complete all CEQA requirements including an initial study and any subsequent CEQA documents. The SOI updates recommended by staff for the special districts under consideration here propose no significant changes to the existing SOIs. Therefore, these updates qualify for the general rule exemption under §15061(b)(3) of the CEQA Guidelines.

Once the Commission adopts the MSR determinations for the two subject special districts, staff and the project consultants will finalize the MSR documents and distribute them to the subject agencies and interested parties, and post them on the Alameda LAFCo website.

Sincerely,



Mona Palacios  
Executive Officer

cc: Each Subject Special District Administrator and Board of Directors  
Interested parties  
Baracco & Associates  
Policy Consulting Associates  
Ineda Adesanya, LAFCo Planner  
Andrew Massey, LAFCo Legal Counsel

**Attachments:**

1. Alameda LAFCo's MSR and SOI policies and procedures
2. Highlighted MSR findings & SOI option recommendations – FFPD
3. Real property license agreement
4. FFPD comment log
5. FFPD revised draft final MSR
6. FFPD draft resolution
7. Highlighted MSR findings & SOI option recommendations – ETHD
8. ETHD comment log
9. ETHD revised draft final MSR
10. ETHD strategic plan
11. ETHD draft resolution



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**13. Spheres of Influence**

§56425 requires that LAFCos establish and maintain SOIs for local agencies under its jurisdiction. An SOI is defined by statute as a plan for the probable physical boundary and service area of a local government agency as determined by the commission (§56076). SOIs include policies that affect the pattern and timing of growth within the planning area.

The SOI does not necessarily indicate a precise time frame for expansion of a city or district. However, local conditions and circumstances that may affect future annexations are generally described and analyzed.

An SOI is important because it defines the primary area where urban development is encouraged. The California Attorney General opined that SOIs should "serve like general plans, (and) serve as an essential planning tool to combat urban sprawl and provide well planned efficient urban development patterns, giving appropriate consideration to preserving prime agricultural and other open-space lands" (60 Ops. Cal. Atty. Gen. 118 1977). The California Court of Appeals has previously held that SOIs must be adopted before an annexation to the affected city or district can be considered (*Resources Defense Fund v. LAFCo* (1983) 138 Cal.App.3d 987).

If adopted and amended consistent with the CKH Act, an SOI can be used to:

- Promote orderly urban development in areas adjacent to a city or district using local government and ABAG projections to ascertain the status and appropriate direction of orderly development;
- Promote cooperative planning efforts between cities, the county, and special districts through reconciliation of incompatible General and Master Service Plans, the transfer of implementation programs contained in respective plans, coordination of property development standards and timely urbanization with adequate provision of essential services;
- Serve as a master plan for the future organization of local government within a county by (1) providing long range guidelines for the efficient provision of services to the public, (2) shaping logical government units that provide services in the most economical manner and are able to finance the required services; and (3) avoiding unnecessary and expensive duplication of services or facilities;
- Provide property owners with an understanding of the ultimate use and development potential of their land;

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- Guide Commission consideration of individual proposals for changes of organization, and initiation of specific reorganization studies and related reorganization proposals.

### Policies and Criteria.

- 13.1. LAFCo shall create and update SOIs working in cooperation with affected agencies and communities.
- 13.2. Each adopted SOI will be reviewed, as necessary, but not less than every five years following determination or initial review of an original SOI (§56425). After initial review, the Executive Officer will recommend that LAFCo either: (1) proceed with an SOI update study or; (2) affirm the existing SOI.
- 13.3. A service review of all municipal services pertaining to the subject SOI will be prepared prior to, or in conjunction with, each SOI update (§56430) or substantial amendment unless the Commission determines that a prior service review is still adequate. (See service review policies and procedures, Part V, Section 14).
- 13.4. A substantial SOI amendment is an amendment that causes the SOI to be internally inconsistent, is inconsistent with provisions of the CKH Act, has the potential to cause significant adverse social, economic, environmental or other consequences, or has substantial adverse regional planning implications. Substantial SOI amendments shall not be processed until service reviews are completed (§56430) and the subject SOI is updated consistent with §56425.
- 13.5. A substantial SOI amendment may be processed concurrently with a service review and incorporated into an SOI update. However, LAFCos will make service review and SOI update determinations and enact SOI policies prior to considering a substantial SOI amendment.
- 13.6. If an SOI has been recently updated, SOI amendments should be discouraged unless an adverse public health or safety impact may be avoided or remediated, a consolidation is requested by two or more agencies, or the applicant demonstrates that substantial changes in conditions since the SOI was adopted justify an amendment.
- 13.7. Agencies will be notified of the pending review of their SOI and will be encouraged to participate actively in any restudy efforts deemed necessary by the Commission.
- 13.8. LAFCo will make every attempt to amicably resolve SOI issues and boundary disputes through dialogue with affected agencies and communities.
- 13.9. Inclusion within an agency's SOI does not assure annexation to that agency.

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13.10. LAFCo determinations shall be consistent with the SOIs of the local agencies affected by that determination (§56375.5).

13.11. Before making SOI determinations, the Commission will review and consider the following (§56425, § 56425.5) :

- The service capacity, levels and types of services currently provided by the agency and the areas where these services are provided, topographic factors, financial capabilities, costs of service, and social and economic interdependencies;
- Existing and planned land uses and land use policies including consistency with county and city general plans, regional and state plans and special district master service plans;
- Projected growth in the affected area, and potential effects on agricultural and open space lands;
- A description of the services that will be provided to any areas which may be added to the SOI and the timing and method for funding expansion of facilities or services;
- An analysis of the effects a proposed SOI may have on other agencies and their service capabilities including improved or diminished service levels, potential duplication of services and underutilization of public infrastructure due to ineffective planning;
- The opportunity for infill development of incorporated vacant lands located adjacent to or within already developed areas rather than SOI expansions; and
- The potential for political and functional consolidations or other reorganizations when boundaries divide communities.
- The location or use of sewerage facilities, either developed or planned, police and fire protection service, waste disposal, provision of water transmission mains, water supply either planned or developed, parks and recreation services, compatible street circulation, economic and social relationships, geographic or natural topographic features such as rivers, ridge lines, and ravines, and man-made barriers, such as freeways, major streets, and railroads.

13.12. When determining which local agency should provide services, considerable weight will be given to an agency's ability and willingness to provide services. When more than one agency can serve an area, LAFCo shall also consider the conclusions of service reviews, each agency's service capacity, financial capabilities and costs of service, social and economic interdependencies,

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topographic, historic and environmental factors, input from affected communities and agencies, and pertinent LAFCo policies.

13.13. SOIs for cities and districts shall be used to promote the long-term preservation and protection of the County's agricultural and open space resources. LAFCos shall not include territory in an SOI if:

- It is not included in the land use element of a General Plan;
- There is no compelling evidence that services will need to be provided within the next 10 to 15 years;
- There is insufficient information to enable the commission to make determinations required in §56425; or
- The territory is included in the SOI of another agency more capable of providing services.

13.14. The Commission defines SOI types as follows:

Sphere type	Definition
Growth sphere	Contains territory beyond the jurisdictional boundaries of the local agency and is an indication that the need for public services in the area has been established and the agency has the ability to effectively and efficiently extend the full spectrum of services provided by the agency.
Coterminous sphere	Coincides with the jurisdictional boundaries of the local agency and is an indication that the agency is landlocked, that there is no anticipated need for the agency's services outside of its existing boundaries, or the agency lacks the capacity or ability to serve additional territory or there is insufficient information to make such a determination.
Zero sphere	A zero sphere contains no territory and indicates that the Commission has determined that one or more of the public service functions of the agency are either non-existent, inadequate, no longer needed, or should be reallocated to some other agency of government. Adoption of a zero sphere indicates the agency should ultimately be reorganized or dissolved. The Commission may initiate dissolution of an agency as the law allows.
Smaller-than-agency sphere	Contains less territory than the jurisdictional boundary of the local agency. The smaller-than-agency sphere indicates that territory within the local agency, but not within its sphere, should be detached and either transferred to another local agency or not served by any agency.
Overlapping sphere	If more than one agency appears equally qualified to serve an area, and if fiscal considerations and community input do not clearly favor a specific agency, an overlapping sphere may be appropriate.



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Sphere type	Definition
Provisional sphere	A designation indicating that LAFCo has identified in its most recent municipal service review the need for an agency to address organizational issues. Agencies given a provisional sphere will be encouraged to discuss reorganization options or alternatives to existing service provision or governmental structure and to provide LAFCo with written results of their discussions and/or studies.
Service specific zone within a sphere	To accommodate situations where territory within an agency's jurisdiction may require some, but not all of the services that the agency is authorized to provide, the LAFCo may designate an area within an SOI to which it may attach specific policies, including limiting the types of services authorized in that area. The intent of a service specific zone is to limit the types of services provided in a defined area and is not intended in any way to circumvent annexation.

13.15. LAFCo shall not amend an SOI to include land subject to a California Land Conservation (Williamson) Act contract if the agency provides or will provide public services or facilities not needed for land uses permitted under the contract unless it finds that:

- The change would facilitate planned, orderly and efficient land use patterns or service provision and the benefits substantially outweigh costs associated with potential agricultural land losses; or
- The change is not likely to adversely affect contract continuance beyond its expiration date.

13.16. Prior to including land subject to a Williamson Act contract within the SOI of a service provider, LAFCo shall consider:

- Policies and implementation measures of contract administrators that ensure the continuance of agriculture and other uses permitted under the contract;
- The infrastructure plans of the agency whose SOI is proposed to include such land; and
- Other factors LAFCo deems necessary to render an informed and prudent decision and preserve agricultural land to the maximum extent feasible and appropriate.

13.17. LAFCo shall enact policies designed to promote the logical and orderly development of areas within the SOI of each local governmental agency. Before LAFCo determines new city SOIs, or updates existing city SOIs, city and county representatives shall meet, discuss a proposed SOI and its boundaries, and explore methods to reach agreement on boundaries, development standards, and zoning requirements. An agreement must ensure that development within the SOI reflects city and county needs and concerns, especially agricultural land

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conservation, and promotes the logical and orderly development of areas within the SOI. LAFCO shall give great weight to the city/county agreements and cities and the County will be encouraged to incorporate SOI policies into their respective General Plans as described in Section 56425.

### **Procedures.**

- 13.18. LAFCo shall prioritize pending or anticipated SOI actions and related services reviews, and consider preliminary work plans as part of its annual work plan and budget hearing processes. The Commission will also need to initiate related service reviews. If an SOI is not considered during budget hearings, LAFCo will consider it at a later meeting. The Commission may also need to review or approve final SOI work plans and other processing recommendations.
- 13.19. Agencies will be asked to participate in an SOI scoping session and complete SOI/service review questionnaires relating to its services and plans. The Agency will be required to complete and submit questionnaires within 90 days. Failure to respond within 90 days may be regarded as concurrence with Executive Officer recommendations.
- 13.20. Special districts shall provide written statements specifying the functions or classes of service provided by those districts (§56425(h)(1)).
- 13.21. The Executive Officer will conduct any other necessary scoping meetings, prepare a mailing list, develop and implement approved work plans, and undertake appropriate analysis.
- 13.22. The Executive Officer will provide a copy of its draft SOI to the affected agency and provide at least 30 days for review and comment. After comments are received and considered, the Executive Officer shall finalize the recommended SOI, and issue a staff report with recommendations.
- 13.23. LAFCo shall hear and consider the SOI, and related service reviews if any, at a noticed public hearing. Notice shall be provided at least 21 days prior to the hearing.
- 13.24. Any SOI resolution of determinations shall include a statement with respect to each of the following:
  - The present and planned land uses in the area, including agricultural and open-space lands.
  - The present and probable need for public facilities and services in the area.
  - The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

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- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
  - The existence of agricultural preserves or other important agricultural or open space land in the area which could be considered within an agency's SOI, and the effect on maintaining the physical and economic integrity of such resources in the event that such resources are within a SOI of a local governmental agency.
- 13.25. When creating, updating or affirming a special district SOI, LAFCo shall also establish the nature, location, and extent of any functions or classes of service provided by existing districts (§56425(h)(2)).
- 13.26. Copies of adopted SOIs will be provided to all affected or interested agencies.

### 14. Service Reviews.

#### Policies and Standards.

- 14.1. LAFCo shall conduct a service review of all municipal services provided in the county or other appropriate designated area. LAFCo shall include in the area designated for service review the county, the region, the sub-region, or other geographic area that makes sense from a public service provision standpoint.
- 14.2. LAFCo shall comprehensively review all of the agencies and private entities that provide the identified service or services within the designated area.
- 14.3. LAFCo shall complete service reviews for all municipal services provided by agencies with SOIs by January 1, 2006. After that date, service reviews shall be completed as necessary concurrent with SOI formations, updates, or substantial amendments.
- 14.4. LAFCo shall utilize service reviews to:
- Promote orderly growth and development in appropriate areas with consideration of service feasibility, service costs that affect housing affordability, environmental justice, and preservation of open space, important agricultural land and finite natural resources; and
  - Encourage infill development and direct growth to areas planned for growth in General Plans;
  - Learn about service issues and needs and update service provider records;
  - Provide tools to support perspectives or planning efforts that address regional, cross county or statewide issues and processes;

## Volume I, Part V. SPECIFIC PROPOSAL POLICIES

- Develop a structure for dialogue among agencies that provide services and a support network for smaller or ill funded districts that provide valuable services;
  - Develop strategies to avoid unnecessary costs, eliminate waste, and improve public service provision while planning for provision of high quality infrastructure needed to support healthy growth; and
  - Provide ideas about opportunities to streamline service provision through use of shared facilities, approval of different or modified government structures, joint service agreements, shared resource acquisition, joint funding requests or strategies, or integrated land use planning and service delivery programs.
- 14.5. Service reviews do not replace designations or updates of SOIs, but should be conducted in the establishment or amendment of any SOIs.
- 14.6. LAFCo will attempt to minimize the number of required service reviews by clustering services or agencies as feasible and appropriate.
- 14.7. LAFCo shall work to streamline service review processes by (1) integrating SOI proposal processing and related CEQA processes with service reviews; (2) placing high priority on reviews of services affected by pending or anticipated proposals; (3) working with city and county planners to identify areas where the short-term conduct of service reviews is needed to support orderly growth and development; and (4) requesting that technical information needed for service reviews be included in the General, Specific and Master Service Plans of land use agencies and special districts.
- 14.8. LAFCo shall use existing information resources, technical support from the county, cities and special districts when available, staging or tiering of reviews, and similar strategies to reduce service review processing costs and timelines. The intent is to avoid unnecessary processing costs and processing time while producing high quality technical reviews.
- 14.9. LAFCo shall encourage collaboration, cooperation and information sharing among service review stakeholders including participation in project scoping, designing the service review, negotiating funding strategies, developing information needs assessment and collection strategies, sharing Best Practices, identifying applicable industry standards, selecting consultants if appropriate, and evaluating technical drafts.
- 14.10. Service reviews shall include evaluations of issued related to activated and latent powers.
- 14.11. LAFCo shall encourage private service providers to fully participate in service review processes.



## Volume I, Part V. SPECIFIC PROPOSAL POLICIES

- 14.12. Service review boundaries may need to cross county lines in order to provide the best analysis of multi-agency service structures. In the case of Alameda and Contra Costa Counties, the Ad Hoc Joint Commission will be asked to consider and appoint the appropriate LAFCo to lead the effort. If an inter-LAFCo agreement is not available, LAFCo will work with affected LAFCOs to create a joint decision making process.
- 14.13. To augment technical capabilities of agencies involved in service reviews, LAFCo should utilize mentor LAFCo resources as feasible and encourage cities, special districts and the county to develop methods for providing technical assistance to smaller cities and districts that need to be reviewed.
- 14.14. LAFCo shall independently review and verify service review information compiled by other agencies. Appropriate local, state and industry standards, identified during the scoping process, will be used to support analysis of technical data and conditions.
- 14.15. Service reviews shall contain conclusions and recommendations for SOI or government structure changes needed to implement positive service changes.

### **Procedures.**

- 14.16. LAFCo shall prioritize service reviews, provide preliminary work plans including stakeholder lists and identify funding resources as part of its annual work plan and budget hearing processes. If a service review is not considered during budget hearings, LAFCo will review and approve its preparation at a later meeting.
- 14.17. The Executive Officer will conduct scoping meetings, prepare a mailing list, develop and implement final work plans consistent with LAFCo's recommendations, and prepare and issue a draft service review. The State OPR Service Review Guidelines will be used as a resource for these efforts.
- 14.18. The Commission may need to consider final service review work plans and other processing recommendations if necessary and at regularly scheduled meetings. The Commission may also be asked to initiate related SOI updates as appropriate.
- 14.19. Collaborative meetings will be conducted if needed. An administrative draft service review may be circulated to encourage technical review of service review data and analysis.
- 14.20. The Executive Officer will issue a draft service review report, which includes service review conclusions and recommendations, and draft recommendations for required written determinations. Written or electronic notice will be provided

## **Volume I, Part V. SPECIFIC PROPOSAL POLICIES**

to any party on the service review mailing list. A 21-day public review period will be provided.

- 14.21. The Executive Officer will prepare a staff report with recommendations.
- 14.22. LAFCo shall hear and consider the draft service review report and recommendations at a noticed public hearing. At the hearing, the Commission may (1) find that the draft service review report is adequate and final, approve appropriate recommendations and adopt written determinations; (2) direct staff to address comments and concerns and prepare a final service review report; or (3) continue the hearing.
- 14.23. LAFCo shall adopt a written statement of its determination with respect to each of the following:
- Growth and population projections for the affected area;
  - Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies;
  - Financial ability of agencies to provide services;
  - Status of, and opportunities for, shared facilities;
  - Accountability for community service needs, including governmental structure and operational efficiencies; and
  - Any other matter related to effective or efficient service delivery, as required by Commission policy.
- 14.24. A draft service review will be considered final if no substantive comments are received prior to the end of the hearing and LAFCo determines it satisfactory.
- 14.25. LAFCo may consider SOI actions that are based on an approved service review immediately after adoption of written determinations. Such action should be delayed if imminent requests for reconsideration are expected.
- 14.26. A request for reconsideration may be filed pursuant to policies and procedures contained in Volume I, Part IV, Section 4.

### **15. LAFCo Initiated Special District Studies and Proposals.**

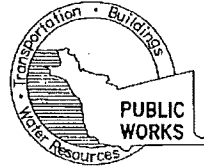
#### **About Special Districts in Alameda County.**

There are 15 independent special districts and 28 dependent special districts subject to Alameda LAFCo jurisdiction. Fifty (50) other special districts, such as joint powers authorities, are not subject to Alameda LAFCo jurisdiction.

District Name	Highlighted Findings	SOI Options	Staff Recommendation	Consultant Recommendation
Fairview Fire Protection District (FFPD)	<ul style="list-style-type: none"> <li>FFPD does not employ any staff directly. The District contracts with the City of Hayward which provides fire protection, emergency medical and paramedic services, auto accident rescue, natural disasters rescue, safe surrender service, and animal rescue.</li> <li>Services provided within the FFPD area by the City of Hayward appear to be adequate based on response times, ISO rating and number of complaints.</li> <li>FFPD owns its fire equipment and the old inactive station on Fairview Avenue, and allows the City of Hayward to use that equipment and the station at no charge.</li> <li>FFPD is primarily served by Fire Station No. 8 which is owned by Alameda County and operated by the Hayward Fire Department. The District indicated, as part of the MSR process, that Fire Station No. 8 is owned by the District. However, ownership has not transferred from Alameda County to FFPD because not all of the conditions of transfer have been satisfied by the District. The District currently leases Fire Station No. 8 for \$1/year. When the County leased the station to the District in 2000, the District agreed to establish emergency vehicle access from East Avenue to Hackamore Drive, and equip and staff a satellite fire station from which fire protection and emergency medical services could be provided on a part-time basis during the fire season (June through October). According to Alameda County, neither of these conditions has been met.</li> <li>FFPD reported that current financing levels were adequate to deliver services. The main source of revenue is property taxes.</li> <li>Expenses were primarily contract fees to the City of Hayward and capital improvements.</li> <li>FFPD's financial reserves amount to about 29 months of operating expenditures.</li> <li>FFPD is governed by a five-member Board of Directors and maintains a website. The District should consider website enhancements to improve access to public information, including posting meeting minutes.</li> <li>Statements provided during the public comment period indicate that there is a divide among the District's constituents regarding its effectiveness. Some concerns were raised about the efficiency of the current governance structure and that the District has accumulated a large reserve with no expenditure plan or identified purpose for accumulating those funds.</li> </ul>	<ol style="list-style-type: none"> <li><u>Zero SOI</u> If the Commission determines that the agency should be dissolved, it would be appropriate to adopt zero SOI.</li> <li><u>Provisional coterminous SOI</u> If the Commission determines that the district should not be dissolved, but finds that the District should meet certain conditions prior to making a determination, a provisional coterminous SOI is appropriate. Should the District not meet these conditions, the SOI designation may be revisited prior to the next regularly scheduled update cycle.</li> <li><u>Maintain coterminous SOI</u> If the Commission determines that no changes are needed in the existing service provision arrangement, retention of the existing SOI is appropriate.</li> </ol>	<p><b>SOI Option 2 – Provisional coterminous SOI with the following condition:</b></p> <p>1. By December 31, 2014, the District will provide a report to LAFCo that provides evidence that the District is reviewing its goals and objectives and evaluating its performance, including addressing any constituent concerns identified. If the District does not have written goals and objectives, the Commission will require that the district provide a timetable and workplan to identify goals and objectives by June 30, 2014.</p>	<p><b>SOI Option 1 -</b> Because FFPD does not provide direct service, there are potential cost savings to be achieved by dissolving the District and having the agency's contract for services either administered by another existing agency or having the services provided directly by another agency. A zero SOI would encourage a reorganization of the services provided to the residents of FFPD.</p>

District Name	Highlighted Findings	SOI Options	Staff Recommendation	Consultant Recommendation
	<ul style="list-style-type: none"> <li>Four governance structure options were identified with regards to FFPD: 1) Dissolving FFPD and annexing its territory into City of Hayward; 2) Reorganizing FFPD into a subsidiary district of the City of Hayward; 3) Dissolving FFPD and annexing its territory into Alameda County Fire Department; and 4) Retaining status quo.</li> </ul>			





COUNTY OF ALAMEDA  
EXTENSION OF REAL PROPERTY LICENSE AGREEMENT

WHEREAS, the County of Alameda, a political subdivision of the State of California, LICENSOR, and

FAIRVIEW FIRE PROTECTION DISTRICT, LICENSEE,

did enter into a Real Property License Agreement dated **February 22, 2000**, which said instrument licenses the use of the premises at **25862 Five Canyons Parkway**, more particularly described therein, and said Real Property License Agreement **expired on February 28, 2012**; and

WHEREAS, it is the mutual desire of LICENSOR and LICENSEE to extend the term of said Real Property License Agreement for the period of time hereinafter specified;

THEREFORE, it is hereby mutually agreed that the term of said Real Property License Agreement is extended for a period of **Three (3) years**, commencing on **February 22, 2012**, and terminating on **February 21, 2015**, with all other terms and conditions thereof continuing in effect, except as hereinafter modified.

TERMS

(1) **FEE:** LICENSEE shall pay LICENSOR \$0.00 (00/100).

Dated: 3-15-, 20 13

LICENSOR

LICENSEE

COUNTY OF ALAMEDA

FAIRVIEW FIRE PROTECTION

By:

Hank Ackerman, P.E.  
Principal Civil Engineer  
Public Works Agency

By:

EXTENSION OF REAL PROPERTY LICENSE AGREEMENT

REEL

IMAGE

Approved as to Form  
DOUGLAS HICKLING, County Counsel

By Lorenzo E. Chambliss, Senior Deputy

**THE BOARD OF SUPERVISORS OF THE COUNTY OF ALAMEDA,  
STATE OF CALIFORNIA**

On motion of Supervisor King  
Seconded by Supervisor Haggerty

and approved by the following vote:

Ayes: Supervisors Carson, Chan, Haggerty, King, and Steele

Noes: --

Excused or Absent: --

**THE FOLLOWING RESOLUTION WAS ADOPTED DECEMBER 4, 1997  
NUMBER R-98-274**

**2058TH ZONING UNIT  
CENTEX HOMES REAL ESTATE CORPORATION**

**FIVE CANYONS FIRE STATION**

**WHEREAS** the Alameda County Board of Supervisors did receive the petition of CENTEX REAL ESTATE CORPORATION initiating consideration of an amendment to the Zoning Ordinance of the County of Alameda, California, to reclassify from an existing PD (Planned Development, 1985th Zoning Unit) District to another PD (Planned Development, 2058th Zoning Unit) to modify the location of the new fire station required of the Five Canyons project by the Board of Supervisors, property generally described as:

Lot 201 of the Five Canyons development project, as shown on the map labelled "2058th Zoning Unit, Exhibit 'A', August 28, 1997," on file with the Alameda County Planning Commission at 399 Elmhurst Street, Room 136, Hayward, California; and

**WHEREAS** the Alameda County Planning Commission did hold a noticed public hearing on said proposed project at the hour of 1:30 p.m. on Monday, September 15, 1997, which hearing was continued to a field trip at 4:00 p.m. and a public hearing at 6:00 p.m. on Monday, October 6, 1997, which hearing was continued to the hour of 6:00 p.m. on Monday, November 3, 1997, in the County of Alameda Public Works Building, Auditorium, 399 Elmhurst Street, Hayward, California, and recommended approval of the reclassification subject to certain provisions of reclassification, as indicated in its Resolution No. 97-34, dated November 3, 1997; and

Alameda County Board of Supervisors  
Resolution No. R-98-274, 2058th Zoning Unit  
December 4, 1997  
Page 2

**WHEREAS** this Board did hold a public hearing on said proposed project at the hour of 9:00 a.m. on Thursday, December 4, 1997, in the Board of Supervisors Chambers, Alameda County Administration Building, Fifth Floor, 1221 Oak Street, Oakland; and

**WHEREAS** notice of public hearing was given as required by law; and

**WHEREAS** a Negative Declaration was prepared for the proposal and duly circulated for public comment in accordance with the California Environmental Quality Act (CEQA) and State and County CEQA Guidelines; and

**WHEREAS** it is the finding of this Board that relocation and construction of the fire station is in the public interest, subject to the five provisions of reclassification contained in Exhibit C and that these provisions will provide for the timely, efficient and appropriate implementation of a key component of the overall development plan for the Five Canyons project and Fairview area:

**NOW THEREFORE**

**BE IT RESOLVED** that this Board does hereby adopt the Negative Declaration and amend the zoning classification of the property from the PD (Planned Development, 1985th Zoning Unit) District to the PD (Planned Development, 2058th Zoning Unit) District, and that the Land Use and Development Plan labelled 2058th Zoning Unit, Exhibit B (design drawings) and Exhibit C (provisions of reclassification), on file with the Planning Commission are adopted as the regulation for the use, improvement, and maintenance of the property within this District. Exhibit B of the 1985th Zoning Unit is hereby amended to reflect this change.

11. **HAZARDOUS MATERIALS:** Any hazardous materials used, stored or otherwise maintained upon the property shall be in accordance with all applicable local, state and federal laws and regulations. Lessee shall hold the Lessor harmless from all responsibility, liability and claims for damages resulting from the presence or use of hazardous materials on the premises during the Lessee's period of use and possession. Lessee shall bear the entire cost of removal and disposal of hazardous materials or waste introduced to the premises during Lessee's period of use and possession of the property including costs for any cleanup and/or decontamination on or off the leased premises necessitated by such materials or waste.

12. **ENTIRE AGREEMENT:** The foregoing constitutes the entire Agreement between the parties and may be modified only in writing signed by all parties.

The parties through their authorized representatives execute this Agreement.

COUNTY OF ALAMEDA  
LESSOR

FAIRVIEW FIRE PROTECTION DISTRICT  
LESSEE

By: [Signature]  
President, Board of Supervisors

By: [Signature]  
Charles L. Snipes  
Chairman of the Board

APPROVED AS TO FORM

By: [Signature]  
County Counsel

I hereby certify under penalty of perjury that the President of the Board of Supervisors was duly authorized to execute this document on behalf of the County of Alameda by a majority vote of the Board on 2/22/00 and that a copy has been delivered to the President as provided by Government Code Section 25103.

Date: February 23, 2000

ATTEST:

LESLIE J. BURNS, Asst. Clerk of the Board of Supervisors, County of Alameda, State of California



By: [Signature]

**EXHIBIT C**  
**2058TH ZONING UNIT**

**PROVISIONS OF RECLASSIFICATION**

1. The site shall be improved in conformance with the design shown on Exhibit B (fire station design drawings prepared by Don Iler, dated August 25, 1997). Prior to issuance of a building permit, precise details of the design shall be approved by the Planning Director with consideration given to: access for the public, staff and equipment; landscape and fence screening for the Five Canyons Parkway and for adjacent residential lots; controlling light and glare from projecting onto other properties; incorporating appropriate design elements, including residential-scaled height, massing, materials, colors, and detailing; limited signage for identification purposed only; and adequate pedestrian access and bicycle parking.
2. Uses of the property unrelated to the statutory responsibilities of the FFPD or successor agency shall be prohibited unless approved by the appropriate zoning mechanism (Conditional Use Permit, Variance, Rezoning, etc.).
3. Prior to occupancy of the station and transfer of title to the FFPD or successor agency, the deed to the fire station and site (Lot 201) shall be restricted to prohibit the FFPD or successor agency from transferring fee title or other interest in the property to another party without approval of the County Board of Supervisors.
4. The FFPD has stated at the September 15, 1997 public hearing of the Alameda County Planning Commission and in its letter dated September 29, 1997 that it would a) install an Emergency Vehicle Access (EVA) from East Avenue to Hackamore Drive to provide emergency access to that portion of the Fairview area from the new fire station, and b) pursue operation of a satellite fire station as funding becomes available. For purposes of this condition, a satellite fire station is a station from which fire protection and emergency medical services are provided on a part time basis during fire season (months of June through October) and at other critical times determined by the FFPD or its successor agency. Title to the new fire station and site at Lot 201 shall be held by the County of Alameda until the EVA is installed and a satellite fire station is fully equipped and a budget appropriating funds for staffing the station has been approved by the FFPD or its successor agency. The County shall then transfer title of the new station and site to the FFPD or its successor agency. Transactional expenses shall be borne by the FFPD or its successor agency. While the County holds title to the new fire station and site at Lot 201, it shall lease the station and site to the FFPD or its successor agency for \$1.00 per year. The FFPD or its successor agency shall be required to maintain the station and site in good repair and shall indemnify the County against any claims by third parties arising out of the maintenance and operation of the station. The EVA referred to above shall be designed to preclude access to all motor vehicles other than emergency vehicles, but consideration shall be given to accommodating the needs of local residents for foot and horse access, as well as the security and privacy of the fronting property owners.

Alameda County Board of Supervisors  
Resolution No. R-98-274, 2058th Zoning Unit  
December 4, 1997  
Page 2

**WHEREAS** this Board did hold a public hearing on said proposed project at the hour of 9:00 a.m. on Thursday, December 4, 1997, in the Board of Supervisors Chambers, Alameda County Administration Building, Fifth Floor, 1221 Oak Street, Oakland; and

**WHEREAS** notice of public hearing was given as required by law; and

**WHEREAS** a Negative Declaration was prepared for the proposal and duly circulated for public comment in accordance with the California Environmental Quality Act (CEQA) and State and County CEQA Guidelines; and

**WHEREAS** it is the finding of this Board that relocation and construction of the fire station is in the public interest, subject to the five provisions of reclassification contained in Exhibit C and that these provisions will provide for the timely, efficient and appropriate implementation of a key component of the overall development plan for the Five Canyons project and Fairview area:

**NOW THEREFORE**

**BE IT RESOLVED** that this Board does hereby adopt the Negative Declaration and amend the zoning classification of the property from the PD (Planned Development, 1985th Zoning Unit) District to the PD (Planned Development, 2058th Zoning Unit) District, and that the Land Use and Development Plan labelled 2058th Zoning Unit, Exhibit B (design drawings) and Exhibit C (provisions of reclassification), on file with the Planning Commission are adopted as the regulation for the use, improvement, and maintenance of the property within this District. Exhibit B of the 1985th Zoning Unit is hereby amended to reflect this change.

# ALAMEDA COUNTY BOARD OF SUPERVISORS

## \*\* MINUTE ORDER \*\*

*The following is action taken by the Board of Supervisors on February 22, 2000*

Approved as Recommended ☒ Other ☐

Unanimous ☒ Carson ☐ Haggerty ☐ King ☐ Steele ☐ Chan ☐ - 5

Vote Key: A=Yes; N=No; AB=Abstain; X=Excused

Documents accompanying this matter:

☐ Resolution(s) \_\_\_\_\_  
☐ Ordinance(s) \_\_\_\_\_  
☒ Contract(s) C-2000-365

File No. 14420  
Item No. 28

Copies sent to:

John Fenstermacher, Charles L. Snipes, Auditor



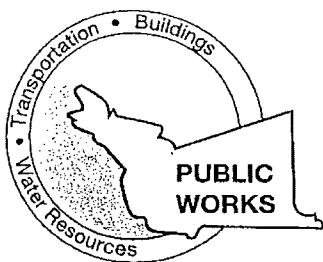
Special Notes:

I certify that the foregoing is a correct copy of a Minute Order adopted by the Board of Supervisors, Alameda County, State of California.

ATTEST:  
LESLIE BURNS, Assistant Clerk  
Board of Supervisors

By: [Signature]  
Deputy





**COUNTY OF ALAMEDA  
PUBLIC WORKS AGENCY**

399 Elmhurst Street • Hayward, CA 94544-1395  
(510) 670-5480

**AGENDA** 28 February 22, 2000

February 15, 2000

Honorable Board of Supervisors  
Administration Building  
Oakland, CA 94612

Dear Board Members:

**SUBJECT:** FIVE CANYONS FIRE STATION - R/W  
Approve and Authorize President to execute Lease  
with Fairview Fire Protection District

**RECOMMENDATION:**

It is recommended that your Board approve and the President be authorized to sign a Lease with Fairview Fire Protection District at an annual fee of \$1.00 per year for the Fire Protection District to occupy and use the County-owned Five Canyons Fire Station.

**DISCUSSION/FINDINGS:**

Your Board by Resolution No. R-98-274 adopted December 4, 1997, approved the 2058<sup>th</sup> Zoning Unit whereby Centex Homes is to construct a fire station as part of Centex's Five Canyons development project. As one of the provisions of the zoning reclassification, Centex conveyed the fire station site to the County and the County is to lease the property and fire station thereon to the Fairview Fire Protection District for \$1.00 per year. The Lease is to continue in effect until such time Fairview Fire satisfies certain conditions of the zoning approval. Thereupon, the County will convey the fire station to Fairview Fire and the Lease will be terminated. The proposed Lease is in conformity with the provisions of Resolution No. R-98-274.

**FINANCING:**

There is no cost to the General Fund. The Lease provides that all costs to maintain and repair the Fire Station is the responsibility of the Fairview Fire Protection District. The \$1.00 per year lease amount will be deposited in Account No. 100-4111.

Yours truly,

f Donald J. LaBelle  
Director of Public Works

JWF/hj

LEASE AGREEMENT BETWEEN THE  
COUNTY OF ALAMEDA AND  
FAIRVIEW FIRE PROTECTION DISTRICT

1. **PARTIES:** This Lease Agreement is entered in to this 22<sup>nd</sup> day of February 2000 by and between the County of Alameda hereinafter referred to as "Lessor" and Fairview Fire Protection District hereinafter referred to as "Lessee".
2. **DESCRIPTION OF LEASE PREMISES:** Lessor leases to Lessee the real property and improvements located at 25862 Five Canyons Parkway, Castro Valley, California 94552 further designated as Lot 201, Tract 6814 of the Five Canyons Development. Said property is improved with a fire station and appurtenances thereto which are necessary to provide fire protection and emergency services within Fairview Fire Protection District. This Lease is designed to be in accordance with Alameda County Board of Supervisors Resolution Number R-98-274 adopted January 8, 1998 a copy of which is attached and marked as Exhibit 1.
3. **TERM:** The term will commence on March 1, 2000 and continue for one year after which it will renew automatically from year to year until such time as the Lessees meet the requirements as spelled out in the above resolution or by mutual written agreement of the parties.
4. **RENT:** Rent shall be in the amount of \$1.00 per year.
5. **USE:** The premises shall be used as a fire station providing fire protection and emergency services.
6. **ORDINANCES AND STATUTES:** Lessee will comply with all statutes, ordinances, and requirements of all municipal, state and federal authorities now in force, or which may later be in force, regarding the use of the premises.
7. **UTILITIES:** Lessee shall pay for all utilities associated with the subject premises.
8. **MAINTENANCE AND REPAIRS:** Lessee will, at is own expense, maintain the premises in a clean and sanitary manner including all equipment, appliances, smoke detectors, plumbing, heating and air conditioning.
9. **INDEMNIFICATION:** Lessor will not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the premises, or in common areas, unless such damage is the legal result of the negligence or willful misconduct of Lessor, his/her agents, or employees. Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused, except for injury or damages caused by negligence or willful misconduct of Lessor, his/her agents or employees. It is understood that Lessor's insurance does not cover Lessee's personal property or improvements.
10. **NOTICES:** Unless otherwise provided, any notice which either party may give or is required to give, may be given personally or by mailing the same, postage prepaid, certified to Lessee at the premises or to Lessor at the address shown below or at such other places as may be designated by the parties form time to time. Notice will be deemed effective five (5) days after mailing, or on personal delivery, or when receipt is acknowledged in writing.

Fairview Fire Protection District  
c/o City of Hayward Fire Department  
777 B Street  
Hayward, CA 94541-5007

County of Alameda  
399 Elmhurst Street  
Hayward, CA 94544-1399

C-2000-365

## Alameda LAFCo Public Review Draft Municipal Service Review – Fairview Fire Protection District (FFPD)

#	Date Received	Commenter/Agency	Page Section	Comments as submitted	Response
1	8/25/2013 email	Dennis Gould, FFPD former director		<p>Ms Palacios,</p> <p>Again, the report is deeply flawed.</p> <p>1) It states \$100,000.00 MAY be saved by following Lafco's recommendation without any documentation to support that figure. In my first response I estimated the savings to be closer to \$30,000.00 and documented my figures from the last 4 fire district's budgets. Tax collecting and dispatch costs amount to \$53,000.00 alone and these costs would continue even if your recommendation was followed.</p> <p>2) The report does not give an accounting of what will happen to the Fire District's current (\$ 4.8 million) fund balance and future fund balances.</p> <p>These substantial fund balances exist because of the efficient nature of the relationship between The Fairview Fire District and the Hayward Fire Department.</p> <p>That money belongs to the residents of Fairview and their Fire District.</p> <p>3) In 1996 the voters of Fairview through Measure "Z" voted to maintain the current arrangement by a substantial margin. The recommendation of LAFCO's MSR not only is innacurate but runs counter to the will of the people of Fairview.</p> <p>Sincerely, Dennis F. Gould (former Director,Fairview Fire Protection District)</p>	<p>1) Numbers in the report were taken from Audited Financial Statements for FY 2010-2011 provided by FFPD. Savings include County Administrative and Collection Fees, Insurance, Legal and accounting, general election, bookkeeping and clerical, director fees &amp; training, website related, and miscellaneous, which amount to \$93,089. LAFCo asked the District for clarification on each expenditure, but did not receive a response.</p> <p>2) The report did not include a dissolution study, which would describe transfer of all assets and liabilities in detail. There could be multiple options of what happens to the reserve, including it being spent or kept for the benefit of the current district residents.</p> <p>3) The report is required to include governance structure options. Annexation of FFPD to the City of Hayward is still an option.</p>
2	8/26/2013 website	Chris Higgins Fairview resident		<p>My understanding is that this Municipal Service Review is a regularly scheduled review and requires that the review present alternatives to maintaining the agency. I hope no one at LAFCo or Alameda County has any intention of trying to dissolve the Fairview Fire Protection District. This is an agency that works. I see no reason to consider changing something that works, especially an agency that deals with the health and safety of the residents of Fairview. We like the present structure of the District. The Board is directly accountable to the residents of Fairview. They understand the community's needs and concerns. As</p>	<p>Good:</p> <ol style="list-style-type: none"> <li>1. Noted. Thank you.</li> <li>2. Noted.</li> <li>3. Noted</li> </ol> <p>Bad:</p> <ol style="list-style-type: none"> <li>1. See reply to comment 1 of Commenter 1</li> <li>2. The report is required to include governance structure options.</li> </ol>

## Log of Comments

### Alameda LAFCo Public Review Draft Municipal Service Review – Fairview Fire Protection District (FFPD)

#	Date Received	Commenter/Agency	Page Section	Comments as submitted	Response
				<p>evidence, consider that the community has approved all requests for increased financial support needed by the district. There was considerable community debate concerning contracting services to Hayward FD vs Alameda County FD. A decision was made and we receive excellent service under the current arrangement. If at some future time the community decides that we could get better service from Alameda County FD we are capable of making that decision ourselves. We do not need LAFCo making the decision for us. My comments on this document and our Fire Protection District are as follow: The Good 1. The document points out that the District provides a valuable service. It meets all national standards. We had a house fire in 2008 and I can attest to their prompt and professional response. I remain grateful for their service. 2. The District provides its services at a reasonable price. I've never heard anyone complain about the price we pay for our fire service and the report points out that the district is run in a financially prudent manner. 3. The District adheres to appropriate transparency policies. 4. Our elected Board of Directors is accountable to the community and their actions reflect the wishes of the community. This is evidenced by elections backing funding increases for the District and the change to contracting services from Hayward Fire Department The Bad 1. The document suggests that dissolving the district will save \$100,000 per year (Page 14). This number is disputed by a number of community members with an intimate knowledge of the District's finances. These are people who know the district well, understand its strengths and weaknesses far better than anyone coming in doing a quick review of the District. Was this number accurate it represents less than 4 percent of the District's budget. We can easily spend more than that studying the districts operations each year. How much money did LAFCo spend on this report? 2. The report states that "dissolution continues to be a viable option" (Page 14). This statement is at best disingenuous. The savings quoted above primarily result from eliminating the expenses associated with the District Board of Directors. The Board of Directors is the Organization that keeps the District accountable to the community. It is insulting to the community for LAFCo to come in and assert they might know better than us how to manage our community's fire protection services. 3. Dissolving the District would most likely result in</p>	<p>Dissolution is one of the governance structure options.</p> <p>3. One of the dissolution options is for the County to contract with City of Hayward for fire protection services in FFPD area. In this case, performance metrics will remain the same.</p>



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				degraded performance metrics. We would no longer have a say in our fire protection services. We would be left to the whims of Alameda County staff. Our community has not been treated well by Alameda County Staff. Alameda County staff has a long history of ignoring the needs of the community. We anticipate the county would take our tax dollars, cut service and spend our tax money elsewhere in the county.	
3	8/28/2013 website	Todd Paradis, HHPOA		The Fairview community in general does not support the annexing of our community into the city of Hayward as one of the possible options for cost cutting. We questions whether the proposed savings is 1. likely to actually occur on an ongoing basis, and 2. even if there was some small savings, not compelling enough to alter the fine balance and effective of the system that is already in place. Moreover, we strongly questions what may become of station 8 long term if controlled by the city of Hayward. 3. A possible suggestions is to have a straw vote on the concept before moving forward with the expense of an EIR so that money is not wasted that could be better used elsewhere.	<ol style="list-style-type: none"> <li>1. See response to comment 1 of Commenter 1</li> <li>2. Station 8 is owned by Alameda County.</li> <li>3. Noted. EIR would not be required in case of FFPD being added to ACFD</li> </ol>
4	8/28/2013 website	Bea Linn Fairview resident		The whole report-paragraph all of it. 1. I oppose all the recommendations made by this 3unicipal review from Florida. Whe asked for this review and why from an out of state company? 2. We already dealt with saying no to annexation many years ago, there is an agenda here that does not favor the Fairview residents.	<ol style="list-style-type: none"> <li>1. Barrocco and Associates and Policy Consulting Associates are California-based firms.</li> <li>2. See response to comment 3 of Commenter 1.</li> </ol>
5	8/30/2013 letter	FFPD Board of Directors		<i>Letter expresses disagreement to the option of dissolution. Please see letter attached to this log sheet.</i>	<ol style="list-style-type: none"> <li>1. Baracco and Associates involved in this MSR is based in California</li> <li>2. See response to comment 1 of Commenter 1.</li> <li>3. Operational cost number are taken from FFPD Audited Financial Statements for FY 10-11.</li> <li>4. Approximate numbers cannot be used in the report. Backup documentation has to be provided in order for numbers offered by FFPD BOD to be considered.</li> </ol>

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					<div>5. Contracts negotiated by ACFD with other entities differ and depend on multiple factors. It could not be concluded that Fairview contract will have similar charges to other contracts.</div> <div>6. ACFD does not have a special tax that it charges its residents for fire protection services. ACFD residents pay \$14.66 per unit for paramedic services.</div> <div>7. The report briefly addresses requirements and documentation needed for every governance structure alternative. A dissolution study would be needed for more detailed analysis.</div> <div>8. As a part of this MSR review, ACFD board of directors was found to be accountable to the public and conducting extensive outreach activities. No evidence was discovered that a resident would not have appropriate access to his/her elected representatives.</div> <div>9. The report is required to include governance structure options. Various dissolution and consolidation options are included. It has been 17 years since residents passed Measure Z.</div> <div>10. City of Hayward is the direct service provider for FFPD area. All response and service quality indicators are attributed to city fire department.</div>

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					11. The FFPD BOD's opposition to the District's dissolution is noted. Thank you.
6	8/30/2013 website	Keith Hembree	Page 14, 15, 19-22.	1. Please specify how savings estimates were determined. 2. There are many inaccuracies in this report. 3. If SOI's changed, how would money and proposed savings be distributed? 4. How exactly would changing an SOI generate savings when people within the new SOI would have to be hired to take on the increased work load? Where are those costs accounted for within the report? 5. How exactly would allowing ACFD to take over our effective, well run, properly budgeted fire protection district benefit our district? How would ACFD's increased response times benefit the citizen's in our district? How would allowing the ACFD to seize our tax dollars, fire fighting equipment and fire stations benefit our independent fire district? OR- Who would it benefit??? This is clearly an attempt to raid the assets of a small, efficiently managed fire protection district to feed the enormous appetite of a beast poorly managed and in need of increased revenue.	<ol style="list-style-type: none"> <li>1. See response to comment 1 of Commenter 1.</li> <li>2. We accept comments on specific inaccuracies with backup documentation.</li> <li>3. A dissolution study would be needed to identify dissolution options and details.</li> <li>4. See response to comment 1.</li> <li>5. One option is for ACFD to continue contracting with City of Hayward on behalf of Fairview. Response times will remain the same.</li> </ol>
8	8/30/2013 website	James Jardine Property owner in Castle Homes		This is my general response to the Lafco produced report: I found the report and the outside expert's "opinions" were less than representative of the actual facts and does not reflect the success and application of "BEST" practices performed by FFPD. FFPD Board is the only elected representatives of the Fairview area and provide us a well ran fire department that has operated within it's budget, produced a surplus of funds to tide the district over in rough times, has no debt, is in the top tier of fire departments as to their performance of the very services they are to provide. 1. The annual costs of operating the FFPD Board are much lower than the Lafco report indicated and would be even lower if neither Alameda County or Lafco would not cause the need of FFPD to hire and have the added expense of an attorney in dealing with them or the need of correcting misguided or less than truthful representations produced by Lafco or perhaps Alameda County. In these days of other municipalities/government having financial problems resulting from poor money management and decision making, FFPD does not, but has a surplus of funds to continue operations well into the future. The Lafco	<ol style="list-style-type: none"> <li>1. See response to comment 1 of Commenter 1.</li> <li>2. Noted.</li> <li>3. Noted.</li> </ol>



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				report in which the hired experts suggest that FFPD merge, annex or have others take over FFPD demonstrates that those that have caused their own misery from a history of bad management would like oversight or power over the financially strong FFPD that surely would result in their raiding of FFPD's surplus/reserve funds to attempt to solve their own self inflicted financial problems. 2. FFPD is that shining beacon atop that perverbial hill (just where FFPD is) that is a good example of how local government should be managed. Like often said, if it is not broken, do not try your had at fixing it! You can see what financial difficulties have resulted when other municipalites or government followed the consolidation of power. In closing, I would hope Lafco becomes more responsive and considerate of FFPD and puts in efforts to gather and consider more accurate infromation that comes directly from the FFPD Board. In Lafco's defense, it is sometimes overwhelming for an agency like Lafco to pick good outside experts, not that I am sure the experts are somehow at fault. Perhaps forgiveness of Lafco and any experts are in order. 3. I suggest that FFPD work with Lafco in that Lafco may make suggestions of their own as a supplement to their recent report.	
7	8/31/13 letter	Melba Bertush		<i>Letter in opposition to dissolution of district. Letter is attached.</i>	<ol style="list-style-type: none"> <li>1. Noted</li> <li>2. The report is required to include governance structure options. Various dissolution and consolidation options are included.</li> <li>3. Other providers have existing elected BODs and will not charge Fairview for services provided by elected representatives.</li> <li>4. FFPD contributed to LAFCo \$480 in FY 11-12, \$468 in FY 12-13 and \$440 in FY 13-14.</li> </ol>
8	9/01/2013 website	Frances Krug		I have lived in the Fairview Community for 40 years. 1. I am very satisfied with the services provided in our area. I am not in favor of the District being dissolved and do not think the report justifies such action. 2. The	<ol style="list-style-type: none"> <li>1. Noted</li> <li>2. See response to comment 1 of Commenter 1.</li> </ol>



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				dollar savings cited is an "estimate" and has been challenged by the Board as well as community members. 3. In passing Measure Z, our community made its wishes known. This community will not support annexation by the city of Hayward nor will we support the County taking over the services provided by the FFPD.	3. See responses to comment 3 of Commenter 1 and response to comment 2 of Commenter 2.
9	9/02/2013 website	Nathanael Higgins		1. Your recommendation that the Fairview Fire Protection District be dissolved (based on a SOI of 0) is silly. 2. You claim it will save \$100,000 per year but seem unable to support that number. You will spend more of our tax dollars administering it through 3rd parties than you could hope to save. 3. On top of that you remove an elected board of directors who are accountable to the residents of Fairview. Our experience with other county bureaucracies is abysmal. This looks an awful lot like an attempt by the county to co-opt the voters, take our tax money and cut our services. Fire protection is serious business. We like our Fire Protection District. We are happy with the service we receive. This works. Please do not change it. Please just leave us alone	1. Current SOI of FFPD is coterminous with the District's boundaries. See page 19 of the report. 2. See response to comment 1 of Commenter 1. 3. Noted.
10	9/05/2013 website	Rosemary Rodd		1. The report's estimates of the savings are unsubstantiated, and in my opinion exaggerated. The key issue is response time. 2. Any change which would lead to control by the County would significantly lower response time in a high fire danger area, or would simply substitute costs to the county for costs of the Fairview Fire District. 3. Fairview residents have overwhelmingly rejected annexation by the City of Hayward. Becoming part of the City of Hayward is not a viable option, either politically or practically (installation of sewers, sidewalks, different zoning history, etc.) 4. I believe the cost to run the Fairview Fire District is much less than the report states, so the cost saving would be minimal, if any. "If it ain't broke, don't fix it."	1. See response to comment 1 of Commenter 1. All numbers were taken out of Audited Financial Statements provided by FFPD. 2. ACFD contracting with City of Hayward on behalf of FF residents would keep response times the same. 3. See response to comment 3 of Commenter 1. 4. Actual expenditures were taken from FFPD audited financial statements.
11	9/05/2013 website	Chris Davis		1. Do not consider closing Fairview down. This will Eventually result in another Oakland Hills fire. In 2004 we on Machado ct. Hay had a huge fire. 2. The response time was within minutes which saved us from complete destruction.I have all documentation. Please let me tell you what it was like to leave my home on foot, no cars. The neighbors of our	1. Noted 2. See response to comment 2 of Commenter 10.

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				Machafo ct would like to tell you All about it in person. Thank you Chris Davis	
12	9/06/2013 website	William Jenkins		I have attended meetings at the Fairview Fire, very impressed with fire department and board, very helpful. Good serviced to local community, able to accommodate local needs. Had issue with access road. Local chipping and removal service great. Fire response great. Please do not change current governance.	Noted. Thank you.
13	9/06/2013 email	Jack Wan		we don't agree that dissolving the FFPD will save anybody \$100,000, nor will it improve service or communication with the public. Jack Wan 25358 Old Fairview Ave. Hayward, CA 94542	See response to comment 1 of Commenter 1.
14	9/06/2013 website	Kyndra Wu		1. I have read the FFPD Municipal Review and I do not agree with the annexation of the FFPD and Fairview. As stated on page 15, incorporating Fairview into one of the options will not help the city save money and resources. It really doesn't change much as the contracts will need to be contracted out. By dissolving FFPD, you are essentially dissolving Fairview. 2. It's unfair that you are trying to steal from us as we are the unincorporated area. The citizens of Fairview will have to pay a higher property tax and our neighborhoods will be split in a 2/3 ( City of Hayward) and 1/3 to ( Castro Valley). 3. My neighborhood is happy with the current status quo and we ask that LAFCO would reconsider in our favor to keep Fairview. Thank you.	1. The report is required to include governance structure options. Various dissolution options are included. 2. Becoming a part of AFPD would not make Fairview an incorporated city and would not split the community. 3. Noted.
15	9/20/2013 website	Bob Zapotosky		1. Nowhere in the report is there a discussion of the cost-effectiveness of the FPPD. No data is provided on a per-acre or a per-capita basis and compared with other rural or semi-rural communities. For reference, the Tracy Rural FPD per capita cost is \$307; the FPPD is (assuming the number in the report is correct) is \$233, including administration. It appears that an independent FPPD awarding a contract to the best proposal has value not being considered nor addressed. Cost-effectiveness should be a primary focus. Also ignored at the top of page 21 of the report is the community of the residents of Fairview. 2. The FPPD is the only governmental voice we have. While it does not have jurisdiction beyond fire and emergency services, it does help facilitate the addressing and routing of other issues via the contacts and	1. Comparison with other providers was not a part of this report. For your information, however, a median fire provider in Calaveras County spends \$91 per capita. Similar situation exists in Plumas County where a median district spends under \$100 per capita for fire service provision. 2. Noted. 3. See response to comment 1 of Commenter 1.



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				<p>networking of the board. The FPPD brings the community together to discuss issues and things that impact the community. Other specifics... Page 14, paragraph 2: 3. the report speculates that \$100,000 in administrative costs could be saved. Not only is no support provided for that number, other parts of the report refute it. The "Expenditures" section on page 8 calculates all other costs (other than providing direct services and fixed assets) at 2%, or \$62,000. Of the \$62,000 most is spent on things that would continue even without the FPPD. According to the remainder of that paragraph, \$62,000 pays for: "dispatch services, county administrative and collection fees, insurance, legal and accounting fees, hydrant installations, weed abatement, ....., bookkeeping and clerical (bookkeeping services and secretary/recorder for keeping minutes at FPPD meetings), utilities, ..., landscape services (at Station 8), ..., depreciation, and miscellaneous (including janitorial service for Station 8)". At best, perhaps \$25,000 could be saved by not having a board, but at the sacrifice of running and independent district that conducts a competitive bidding process to maximize service and minimize cost. 3. On page 19 in the "Recommended Sphere of Influence Boundary" (and elsewhere in the report), the presumption is made that because service is outsourced it somehow diminishes the value of the FPPD. If this standard is used, the precedent is therefore set that any government agency that outsources an activity should eliminate those in charge of administering the service and cede the responsibility to someone else. Alameda County outsources numerous activities that are better provided by cooperation with other agencies or private companies. Should the County government be dismantled in each of those areas and control ceded to the State? 5. As you may have surmised, I find the report severely lacking for its purpose and it affords nothing to support the conclusion. The FPPD works effectively and provides services at a competitive cost. There is not justification for changing the SOL. Please feel free to contact me with questions. regards, Bob Zapotosky cell: 415-999-7230</p>	<p>4. MSR reviews direct and outsourced services based on the same indicators. 5. See response to comment 3 of Commenter 1.</p>
16	10.09.13 website	Patrick & Sharon Turney	15	<p>On page 15 you identify 4 possible solutions for how to handle the Fairview Fire Protection District. We, as 25 year residents of Fairview, believe the best option is # 4 - this is to protect our status quo and</p>	Noted. Thank you.

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				maintain the existing arrangement. We currently have adequate funding to take care of our existing area by providing the equipment needed by the area and the contract with the Hayward Fire Dept. is beneficial for the residents. Thank you.	
17	10.11.13 website	Dale Silva, Hayward Hills Property Owners Association		1. I strongly support the Fairview Fire Protection District as presently constituted and object to the suggestion that it be eliminated. The FFPD provides us excellent service through its contract with the City of Hayward. We really like the local control we have, and the accessibility of the decision makers. The FFPD is well run and fiscally sound. It is adept at negotiating favorable contracts. It receives overwhelming support from those of us in Fairview. 2. I strongly doubt that a consolidation will bring cost savings. It is said that \$100,000 would be saved, but that figure is not supported by evidence or documented for us to see. 3. I object to the suggestion that it has a zero sphere of influence. It is very influential and much appreciated in the affairs of our neighborhoods and beyond. Thank you. Dale Silva Fairview Resident	1. Noted 2. See response to comment 1 of Commenter 1. 3. Noted.
18	10.11.13 website	Cedric Clotilde		We are happy with the Fairview Fire Protection District and are extremely satisfied with its service - It is fiscally sound with \$5 million in the bank - We value local control as the only elected body in Fairview - Its affairs and meetings are accessible to the people - We object to the LAFCo recommendation that it have a zero sphere of influence.	Noted.
19	10.11.13 website	Hayward Hills Property Owners Association (via Dale Silva)		Commission Members: The following resolution was adopted by the Hayward Hills Property Owners Association (HHPOA) at its general membership meeting held March 5, 2013: ~Resolved: The Hayward Hills Property Owners Association supports the Fairview Fire Protection District in its current form, appreciates the valuable service it provides, and opposes any effort to dissolve or consolidate it.~ The HHPOA is a homeowners association of around 200 properties located in Fairview located between Lone Tree Cemetery and the Prominence subdivision. The resolution passed unanimously. Thank you. Dale Silva President Hayward Hills Property Owners Association.	Noted.
20	10.11.13	Paul Hodges,		1. I am writing to object to the LAFCo study that states that the Fairview	1. See response to comment 1 of



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	website & email	Fairview Community Club		<p>Fire Protection District has no sphere of influence and should be abolished as a Special District. 2. The FFPD has had a long history of making good decisions to protect and control costs for the citizens of the Fairview area. They have moved us from a volunteer facility to a full-time fully manned Fire Station and finally, to a contracted service agreement that has given us more services at a lesser cost than any other options. This contract arrangement was worked out by our FFPD Board of Directors. The BOD spent countless hours weighing out the options of different Fire Department Services and continue to do so on an ongoing basis so that the community of Fairview gets the best service, equipment and coverage at an affordable price. The BOD of the FFPD is not complacent about the contract. They are always checking and comparing other alternatives for our community. Local control and oversight has meant better protection, officials who are available and responsive to the needs of our community, and cost savings. How could anyone say that FFPD has "no sphere of influence"? Why would anyone want to change a system that is cost efficient and working well? 3. Please reconsider any thoughts of dissolving the Fairview Fire Protection Special District. Paul Hodges Member, Hayward Area Recreation and Park District Board of Directors 510/889-1313</p>	<p>Commenter 9.</p> <ol style="list-style-type: none"> <li>Noted.</li> <li>Noted.</li> </ol>
21	10.11.13 email	Carson Haines		<p>1. At this time I believe the proposed recommendation for a zero sphere of influence is not in the Fairview communities interest and the company that did the report on the Fairview Fire District did not do a proper investigation and the report is flawed. This report is a total waste of taxpayer money.</p> <p>2. I am very happy with the Fairview Fire Protection District and are extremely satisfied with its service It is fiscally sound with \$5 million in the bank. I value local control as the only elected body in Fairview. All of its affairs and meetings are accessible to the people. I strongly object to the LAFCo recommendation that it have a zero sphere of influence.</p> <p>Carson Haines</p>	<ol style="list-style-type: none"> <li>We accept comments on specific inaccuracies with backup documentation.</li> <li>Noted.</li> </ol>

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				25795 Clover Rd Hayward, CA 94542	
22	10.11.13 email	John F. Kriege		I wish to strongly support keeping our district as is! It's our only locally controlled government, has provided excellent fire protection by service of the Hayward fire department at a low cost, the cost of the board is not the one hundred thousand a year as stated in the report and I feel is not a burden. I do not want the Alameda Fire District to take us over and take over our large bank balance, they may want to provide direct fire protection which would not be as good as what we have now. I have no doubt that all or nearly all of my neighbors feel as I do. Please reject the conclusion of the report and support our present Board. Thank you, John F. Kriege	Noted.
23	10.11.13 email	Bob & Brenda Clark		<p>We are writing because we are greatly disturbed by LAFCo's review on the FFPD, recommending that it be eliminated and that our fire protection services be provided by someone else.</p> <p>1. We implore you to understand that we are satisfied with the services provided by the Fairview Fire Protection District and understand that it is fiscally sound. We value the local control as the only elected body in Fairview. Its meetings and affairs are accessible to our neighborhood members. 2. Also, we know that FFPD is aware of the unique lay-out and large home lots in our area, particularly those which might be considered relatively inaccessible to an "outside" entity.</p> <p>Please allow us to maintain our feeling of safety and confidence up here "in the hills", due to the FFPD.</p> <p>Sincerely,</p> <p>Bob and Brenda Clark 3713 Star Ridge Road Hayward</p>	<ol style="list-style-type: none"> <li>1. Noted.</li> <li>2. City of Hayward, the direct service provider is aware of the area's terrain. FFPD does not provide services directly.</li> </ol>
24	10.11.13	Cedric & Laurie		Please consider our following comments about the Fairview Fire	Noted. Thank you.

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	email	Clotilde		<p>Protection District:</p> <ul style="list-style-type: none"><li>- We are happy with the Fairview Fire Protection District and are extremely satisfied with its service</li><li>- It is fiscally sound with \$5 million in the bank</li><li>- We value local control as the only elected body in Fairview</li><li>- Its affairs and meetings are accessible to the people</li><li>- We object to the LAFCo recommendation that it has a zero sphere of influence.</li></ul> <p>Regards,</p> <p>Cedric &amp; Laurie Clotilde</p>	
25	10.11.13 email	Cecil Robertson		<p>Short and sweet...</p> <p>We want LAFCO to leave the Fairview fire district alone...it is working fine and is self supporting...We want this Fire Department to be managed by locals, people that live in the area it serves.</p> <p>Thanks you Cecil Robertson 3850 Arbutus Ct. Hayward, Ca. 94542 <a href="mailto:crob33@sbcglobal.net">crob33@sbcglobal.net</a> 510-886-3268</p>	Noted.
26	10.11.13 email	Lee Baker		<p>Hello Mona Palacios:</p> <p>As a 25+ year resident of the Fairview area of unincorporated Alameda county and a retired Contra Costa County firefighter, I can say that I am very happy with the service provided by the Fairview Fire Protection District and I would not like to see it changed. The district is run economically and efficiently by the board of directors who are responsive to the residents of our community. I am fairly active in community affairs in the Fairview area and I have never heard anyone say that they were disappointed with the service or the political</p>	Noted. Thank you.



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				<p>structure surrounding the District.</p> <p>It would be a great loss to the residents of our community if Lafco were to disband our fire district. We are proud of our community and, as strange as it may sound, it is our small fire district that provides cohesion and identity to those of us who live here.</p> <p>Lee Baker 26449 Fairview Ave Hayward, CA 94542 510-537-4511</p>	
27	10.11.13 email	Bea Linn		I am glad we have our own fire dept, as it needs to be, and think they do a great job. We apprecaite having a voice and being involved with our own fire dept.No outside group should make these decisions.Leave our fire dept. alone, the residents of Fairview want their fire dept.	Noted.
28	10.12.13 email	Frances Krug		<p>Dear Ms. Palacios,</p> <p>I attended Supervisor Miley's Stakeholders' meeting on September 19 and heard you respond to questions about the consultant's report on the Fairview Fire Protection District.</p> <p>I do not agree with the recommendations in the report. The residents in the Fairview area are very comfortable with the current arrangement. We have an elected Board of Directors and a workable contract with the city of Hayward for services. We do not wish to be annexed to the city nor do we want the Alameda County Fire Department to take over services in this area.</p> <p>Not too long ago (1996) we reaffirmed this position with a ballot vote on Measure Z.</p> <p>The current arrangement is working!</p> <p>Fran Krug</p>	<ol style="list-style-type: none"> <li>1. Noted.</li> <li>2. The report is required to include governance structure options. Annexation of FFPD to the City of Hayward is still an option.</li> </ol>



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#	Date Received	Commenter/Agency	Page Section	Comments as submitted	Response
				3984 Amyx Court	
29	10.14.13 email	Kelly Luttrell		<p>Dear Mona,</p> <p>Our family has lived in Fairview for over 30 years. In total, four of our five children and all of our grandkids occupy seven properties on Fairview Avenue, with East Bay Regional Parks to the east of our properties.</p> <p>1. Although we have been extremely fortunate to have never experienced a major fire, we are always cognizant of what is possible, and we would like to urge you to ensure that we continue to have the fire protection that is so critically important. We are certain that the Fairview Fire Protection District is best suited to continue to provide the protection we need.</p> <p>It only takes looking back two short decades to understand what a local Protection District such as Fairview Fire can mean to the safety a community. Immediate response, <u>with local resources present</u>, can be the difference between quick containment and complete devastation, or more importantly, between life and death.</p> <p>2. We are extremely satisfied with the Fairview Fire Protection District and although we understand the efficiency that consolidating resources might sometimes deliver, that decision should be fully informed and weighed against all of the potential consequences. 3. It is inconceivable that an outside and inept consultant was paid to conduct a study that is inaccurate at best and to use that as the basis for any decision would be irresponsible.</p> <p>4. In our view, The City of Hayward will not be a capable protector of the rural terrain in Fairview. Fairview will always be the “stepchild” of the city and it’s bureaucracy. This became incredibly evident at a recent City Council Meeting where a current dispute over a half century old water surcharge was discussed. A large group of Fairview residents showed up to be heard and were met with disdain and thinly veiled threats that the</p>	<ol style="list-style-type: none"> <li>1. City of Hayward is the direct fire service provider to FFPD area.</li> <li>2. The report is required to include governance structure options. Various dissolution and consolidation options are included.</li> <li>3. We accept comments on specific inaccuracies with backup documentation.</li> <li>4. FFPD does not provide direct fire protection service. FFPD contract with the City of Hayward for fire protection in Fairview.</li> <li>5. Noted.</li> <li>6. Noted.</li> </ol>

## Log of Comments

### Alameda LAFCo Public Review Draft Municipal Service Review – Fairview Fire Protection District (FFPD)

#	Date Received	Commenter/Agency	Page Section	Comments as submitted	Response
				<p>50% surcharge we currently pay, could be even higher. To this day, the City of Hayward continues to use Fairview to subsidize the rest of Hayward's water. That dispute is ongoing as we now consider handing Hayward not just our money - but our safety - and trust that they will do right by us???</p> <p>5. The Fairview Fire Protection District has been prudent and spent it's resources wisely. It is fiscally sound and now seems to be being punished for being so. It would be a pity to have it be used as a "chip" in game to supplement diminishing resources elsewhere.</p> <p>6. The residents of Fairview value local control and we have formed a community organization comprised of our neighbors. We have elected representatives to ensure we look out for one another. I would hope you would listen to the people and hear loud and clear that the LAFCo recommendation should be rejected and Fairview should retain its dedicated fire protection.</p> <p>Thanks for your consideration!</p> <p>Kind Regards,</p> <p>Kelly Luttrell 650.400.1236</p>	
30	10.15.13	Howard Goldhammer		<p>As a resident of the FFPD, for 35 years, I feel that no changes need to be made.</p> <p>1... The past/present Commissioners have represented the residents well. The fact that they have excess funds available, and provide a very efficient service is obvious to us. I do not recall any resident /s criticizing the District for poor performance... ie: Time to respond to fire/emergency... Poor performance... and dialog that we hear so often when dealing with "Public Services."</p> <p>2... I support the favorable comments made by the HHPOA Board Members.</p> <p>3... It is concerning to visualize establishing/changing a a well run public</p>	<ol style="list-style-type: none"> <li>1. City of Hayward is the direct service provider for FFPD area. All response and service quality indicators are attributed to city fire department.</li> <li>2. Noted</li> <li>3. Noted.</li> <li>4. See response to comment 1.</li> </ol>

## Log of Comments

### Alameda LAFCo Public Review Draft Municipal Service Review – Fairview Fire Protection District (FFPD)

#	Date Received	Commenter/Agency	Page Section	Comments as submitted	Response
				<p>service to an unknown factor.</p> <p>4... Frequently we see fire trucks on our street observing/available for info/emergencies, an example of availability.</p> <p>Thank You</p> <p>Howard Goldhammer..... Picea Ct. Hayward</p>	
31	10/22/13	Cheryl Miraglia, Castro Valley Municipal Advisory Council		<p>Good morning, Mona,</p> <p>Thank you for attending our meeting last night and for your presentation. It is appreciated.</p> <p>I sent an email to Kelly New, the property manager for the Five Canyons HOA, and asked him to re-send the letter from the Board asking for an extension since no notice was given to it. Hopefully, you will receive that today.</p> <p>I also thought I would send the motion made and unanimously passed last night:</p> <p>CVMAC recommends that</p> <ol style="list-style-type: none"> <li>1) LAFCO assign a Zero SOI to the Fairview District</li> <li>2) Alameda County Fire take over the Fire Station it already owns and service to Five Canyons and all of the Unincorporated County area of Fairview that it can adequately serve from that station and</li> <li>3) Alameda County contract with the City of Hayward for any other areas within Fairview that would be better served by Hayward</li> <li>4) a Fairview CAC be formed to advise the County on fire protection issues in Fairview and to insure that the \$4+ million surplus currently in reserves is used for fire protection in Fairview</li> </ol> <p>I hope that LAFCO will strongly consider the above scenario.</p> <p>I would suggest that you request from the Clerk of the Board a copy of the resolution passed by the Board of Supervisors on the 2058th zoning unit....late 1997. That is the resolution regarding the fire station</p>	1. Noted

Log of Comments

Alameda LAFCo Public Review Draft Municipal Service Review – Fairview Fire Protection District (FFPD)

#	Date Received	Commenter/Agency	Page Section	Comments as submitted	Response
				<p>relocation. I have an entire box of documents on the FFPD and copious notes on the language but I do not seem to have a copy of the official resolution or I would send it to you.</p> <p>If there is anything else you need, please let me know.</p> <p>Thank you again.</p> <p>Best regards, Cheryl Miraglia</p>	



BOARD OF DIRECTORS

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# Fairview Fire Protection District

25862 FIVE CANYONS PARKWAY  
CASTRO VALLEY, CALIFORNIA 94552  
(510) 583-4900

FIRE CHIEF

GARRETT CONTRERAS

2013 AUG 30 PM 4: 14

August 30, 2013

Commissioners  
Local Agency Formation Commission  
of Alameda County  
1221 Oak Street, Room 555  
Oakland, CA 94612

Dear Commissioners:

The Board of Directors of the Fairview Fire Protection District ("District" or "FFPD"), on their behalf and on behalf of the District, submit this comment on the 2013 Municipal Service Review Draft Report dated August 5, 2013 (the "Draft Report") concerning the District. The Draft Report was prepared by Baracco and Associates, a *Florida-based* consulting company (the "Consultants") at the request of the Alameda County Local Agency Formation Commission ("LAFCO"). The Draft Report concludes that two options are available to LAFCO, as follows: Option 1, adopt a zero Sphere of Influence ("SOI") for the District and then dissolve the District; or Option 2, determine that no changes are needed in the existing service provision arrangement and that retention of the existing SOI is appropriate. The Consultants recommend that LAFCO should proceed with Option 1 and, after ordering the dissolution of the District, should: (i) order the formation of a subsidiary district within the City of Hayward ("City"); or (ii) order the annexation of the entire service area either to the City; or (iii) order the detachment of the portion of the service area that is within the City's sphere of influence from the City and subsequent annexation of the entire service area to the County of Alameda ("County") followed by the negotiation of a contract between the City and the County so that the City can continue providing the same services it currently provides to the District residents under the existing contract between the City and the District. The Board of Directors of the District ("District's Board") strongly disagrees with the recommendation for dissolution because following said recommendation would violate applicable laws, would result in unnecessary administrative and other costs being incurred by LAFCO, the City and the County and would be extremely detrimental to the District's constituents.

Pursuant to applicable laws, dissolution may be initiated by a petition of landowners or voters, by the District, or by LAFCO. Since neither the landowners nor the District support the proposed dissolution, LAFCO would have to initiate and carry out the scheme for dissolution and the subsequent reorganization to ensure that adequate safety services continue to be provided to the District's constituents. The law provides that LAFCO may initiate a reorganization which includes a dissolution only if (i) the proposal is consistent with a conclusion or recommendation in a service review, sphere of influence update or special study, **and** (ii) the LAFCO Commission makes both of the following determinations (see, California Government Code § 56881):

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1. A determination that the public service costs of the proposal is likely to be less than or substantially similar to the costs of alternative means of providing the service; and
2. A determination that the proposal promotes public access and accountability for community services needs and financial resources.

As demonstrated below, the Draft Report does not adequately support either of the two findings the LAFCO Commission must make before initiating the proposed dissolution and reorganization of the District.

## *Public Service Costs*

The recommendation is predicated on an unsubstantiated, undocumented and inaccurate estimate of cost savings to the public. The Draft Report estimates that the District's annual operating expenses amount to approximately \$100,000, and that this figure constitutes the annual savings that would be derived following the dissolution and reorganization of the District. Exactly how this figure was arrived at remains a mystery since the Draft Report does *not* document or support the computation of this figure but simply presents it, first as an estimate and then as a purported benefit of the recommended dissolution and reorganization.

Upon review of a prior version of the Draft Report, the District's Board informed the Consultant that its estimate of the operational costs of the District was inflated and could not be supported. The District also informed the Consultant that, taking into consideration the \$100 stipend per meeting for each director, bi-annual election expenses of approximately \$8-9,000, legal expenses ranging from approximately \$5,000 to \$30,000 per year (depending on whether it is a year in which the services agreement is being negotiated or other important legal issues like this LAFCO review arise), and other miscellaneous expenses, the District's annual operating expenses are generally in the range of \$25,000 to \$50,000. However, the Consultant ignored the District's input and the lack of supporting evidence for its cost estimate.

Another aspect of the proposed dissolution and reorganization that was overlooked in the Draft Report and which needs to be taken into consideration to determine savings are the associated administrative and hard costs that would be incurred by LAFCO, the City, the County and, ultimately, the residents of the District. For example, the Consultants recommend that, to ensure the continuity of the satisfactory services currently provided by the District, LAFCO should annex the service area to the County upon dissolution of the District, and that the County should then enter into a contract with the City for the services. The Consultant claims that this convoluted process would somehow ensure that the District's constituents continue receiving the same services currently provided by the District but somehow would result in \$100,000 annual savings. However, a brief examination of the County's fire service contracts reveals that current charges exceed the cost of the District's existing 5-year fire service contract by approximately \$130,000 per year. In addition, rate increases to support the County's growing unfunded liabilities for healthcare and retirement benefits and other contractual benefits for its workforce

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could easily exceed \$400,000 per year. Thus, if the service area were annexed to the County and the County were to provide the services, the costs of the County's services are likely to exceed the District's contracted costs by at least \$130,000 plus a portion of the County's cost of providing benefits. In the alternative, the County would have to negotiate a contract, at current rates, with the City for the delivery of the fire services and it is likely that fees will have to be increased to match County fees and costs and/or the City's current rates.

Furthermore, the Draft Report fails to address the following important considerations: (i) the process for obtaining the consent of the residents for any required annexations, detachments or other required reorganizations; (ii) the additional studies and reports, including but not limited to environmental reports, will have to be prepared; (iii) what findings, consents and approvals would have to be investigated and adopted by LAFCO, the City and the County; and (iv) and what are the associated costs, including consultants and legal costs, and what agency will be responsible for the same. If LAFCO adopts one of the Consultant's recommendations, the public has a right to know exactly what process and cost is associated with its implementation. This Board is requesting that this information be disclosed.

At this time, LAFCO is being asked to make a finding, without any supporting evidence, that the proposed dissolution would somehow result in a cost savings of approximately \$100,000. Such a finding would be unsubstantiated and false.

### ***Public Access and Accountability***

The second finding the LAFCO Commission must make, before ordering the dissolution of the District in compliance with applicable laws, is that the "proposal promotes the public access and accountability for community services needs and financial resources." The Draft Report provides no evidence at all to support such a finding. In fact, as a practical matter, no well-reasoned argument could be made to support a claim that better access to or accountability of public officials would result from the dissolution of the District and subsequent annexation to the City or the County.

The District has consistently demonstrated responsibility and accountability regarding District financial resources. The fact that the District has ended each of the last six (6) budget years with a surplus is a matter of public record. In addition, thanks to the District's Board conservative financial strategy, the District currently has a budget surplus of over \$4,000,000 and was able to weather the recent economic downturn without cutting services. Few other public agencies in the State of California can make this claim. These facts demonstrate that the District is well managed and able to provide efficient and effective service to District residents. The Draft Report does not consider any options that would ensure that the \$4,000,000 surplus is spent within the District's service area for the benefit of the District's residents. In addition, the Draft Report fails to provide any evidence that the City or the County could come close to matching, let alone surpassing, the financial benefits that the District's Board management has created for the District and the community it serves.

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The access to and accountability of elected local directors cannot be equaled or surpassed by implementation of the Consultant's recommendations. Each of the members of the District's Board is elected by District constituents, resides within the District and shares the concerns of all District constituents. As such, they are in a better position to assess and address the needs of the District's residents than any member of the City Council or Board of Supervisors. If the District were to be dissolved and the service area annexed to the County, as recommended in the Draft Report, the District residents would have to take matters of concern to the County's Board of Supervisors and would have to sift through the numerous agenda items presented to the County before (if ever) being able to voice their concerns. It is undeniable that adjoining the District's area to a large bureaucracy would result in adding significant time and travel barriers to District residents and may dissuade many of them from expressing concerns or opinions regarding fire protection operations. On the other hand, the directors serving on the District's Board are readily accessible to residents both due to the small community and because board meetings are held within the District.

The Draft Report fails to show how the dissolution of the District would improve access and accountability to the community members it serves. Instead, the Draft Report actually corroborates the high satisfaction levels of District constituents, the prudent financial management by the District's Board, and the uncompromised access to District residents.

### ***Additional Considerations against the Proposed Dissolution***

Not only does the Draft Report fail to provide valid information in support of the findings required for dissolution of the District, but it fails to highlight the benefits that the existence of District provides not only to the District's residents, but also to the City and the County at large. Since the members of the District's Board are personally affected by the services provided by the District, they have a vested interest in ensuring that the reliability of fire protection services. Rather than duplicating services and resources, the District entered into an agreement with the City pursuant to which District residents benefit from the City's experienced firefighting force and City's residents benefit by having additional resources, including a ninth engine company, available to respond when needed. The agreement also enhances the City's response capability into the wild land interface, which borders the Fairview and Hayward Hill neighborhoods. The County at large benefits by having a well-managed, adequately funded and resourceful fire service agency within its boundaries serving a satisfied group of residents. And, even the State of California benefits since the District has, thanks to the District's Board management of District resources, been able to acquire a Type 3 engine which is required to fight wild fires and is available to be used to fight any major wild fires in the State.

The Draft Report mistakenly concludes that the City could simply absorb the District's resources and continue to provide the same services and benefits to the District's residents. It should be noted that one of the options listed, namely the recommendation for forming a subsidiary district, may not be viable unless at least 70% of the constituents of the District reside within the City **and** at least 70% of the District's land area is located within the City.



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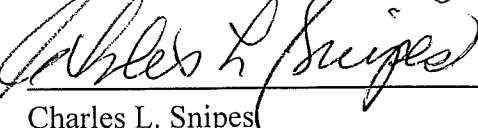
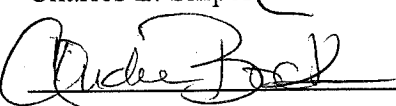
(Government Code section 57105). The Draft Report indicates, however, that the District's residents do not wish to be annexed to the City, and proposes annexing the service area to the County. Then, noting that perhaps the District current services are preferable, the Consultants recommend that the County should enter into an agreement with the City tailored after the existing agreement between the District and the City. This recommendation comes only a few years after the District residents voted against dissolution of the District.

The Draft Report provides no explanation or evidence as to why such convoluted actions should be taken, fails to show that any benefit would accrue to the District's residents, to the City, to the County or to the State, and fails to show that any such actions can in fact be taken without harming the District's residents. We are certain, that no other existing agency is capable of providing the same quality of services to the District residents in the same manner as the District.

Based on the information provided in the Draft Report, LAFCO can make neither the first nor the second determination required by Government Code Section 56881 to order the dissolution and reorganization of the District. In fact, if any of the Consultant's unjustifiable recommendations are followed, the best outcome that can reasonably be anticipated is that the District's constituents *might* continue to receive the same level of service currently provided by the District at equal or higher cost to the taxpayers and substantially decreased access to and accountability of their elected officials. Therefore, the District's Board respectfully submits that LAFCO would be in violation of applicable laws if it were to follow the Consultant's recommendation to adopt a zero SOI for the District and then dissolve the District, as proposed under Option 1 of the Draft Report. Instead, the District's Board requests that LAFCO select Option 2 and adopt a finding that no changes in governance or service structure are required and that retention of the existing SOI is appropriate.

Sincerely,

The Fairview Fire Protection District Board of Directors

  
Catherine Ortiz-Carden  
Jeffrey Rosier  
Charles L. Snipes  
Angelo Costanzo  
Audie Bock



November 5, 2013

Alameda LAFCO  
1221 Oak Street Suite 555  
Oakland, CA 94612

ATTENTION: Mona Palacios, Executive Director

Re: Service Review Fairview Fire Protection District

Dear Mrs. Palacios and Commissioners,

Thank you for the opportunity to comment on the afore-mentioned service review. Five Canyons Owners Association represents 913 homes, a significant portion of and the largest homeowners' association in the Fairview Fire Protection District (FFPD).

#### HISTORY

We would first like to share with you a little of our experience with the District.

When the Five Canyons development was approved, the District identified the impact of increased fire hazard and risk in the area and ultimately requested a second station with engine to augment the then current station. The Board of Supervisors, on the recommendation of both the FFPD and the County Planning Commission, made a fire station for the development a condition of the developer – with the stated intent that it would be to augment the current station in order to mitigate the increased risk to the area.

When construction started in 1995, Five Canyons Parkway did not go through to Fairview and the only way Hayward Fire (Fairview's contract provider) could reach our homeowners was through an extremely steep EVA access road through a heavy construction zone or up B Street to the Blvd and then around. In 1996 and 1997, we (our Board, our very active Health and Welfare Committee, and individual homeowners) made repeated requests and petitioned the FFPD Board to enter into a Mutual Aid agreement with Alameda County whose response times were so much better. After many months, the Board finally passed a resolution to sign a contract.... only to cancel it a week or two later. It was never put into effect.

Then, in 1997, the District attempted to get the fire station built outside our development. The building of the station was to mitigate an impact except that based on financial reasons only, the FFPD subsequently decided it was going to close the old Fairview station and just operate one...and that they wanted the new one built outside of Five Canyons further down Fairview as they said it would better serve the whole District. In addition to many Fairview residents who were concerned about the closure of the old Fairview station, Five Canyons residents (who basically paid through the price of their homes for this mitigation measure that was no longer really a mitigation measure) adamantly opposed the moving of the station and

the fact that it would be the only one in Fairview. They asked multiple times that an independent study be done on whether one station was adequate but our requests fell on deaf ears.

After many months, a compromise location was reached -which is in Five Canyons but at the very end of the development right before Fairview-but it still replaced the old station and still left the protection of certain areas in Fairview in question.

Basically, what the FFPD had done was identify an impact during the development approval process and then say, "Oh well, you were at risk then but now that there's no money, you're not at risk anymore." And there wasn't any money for several years....until the revenue from Five Canyons kicked in.

Recommendations affecting people's lives cannot be arbitrarily changed based on funding alone. The intent of the mitigation measure was not to replace an old structure or to provide Fairview the means of a surplus fund in years to come. It was to mitigate an impact.

#### OWNERSHIP OF THE STATION

The FFPD does not own the fire station.

First of all, the development agreement did not specifically require that the new station be deeded to the District. Secondly, when they changed the location via the 2058<sup>th</sup> Zoning Unit and because they were closing the other location, the new location also left certain areas in Fairview at risk. So, while the new location for the station was approved, at the urging of not only Five Canyons but other Fairview residents, the County retained the deed and conditions were placed on the District. The Board of Supervisors had originally required the station as a mitigation measure. Then in conditioning the approval of the location change it was recommending in the strongest manner possible that the Fairview Board actually protect the District - via what most fire officials would clearly advocate as minimum measures to protect the people of the District in light of only one station for the District. To that end, the condition required not only the EVA road from East Avenue to Hackamore but also a satellite fire station where services are provided on a part time basis during the year and particularly during critical times.

Your report stated that the FFPD said they own the station but they can't provide the deed. We do not know if they ever installed the EVA road (but think not) but they never did do the satellite part time station...although they still own the old Fairview station and could have used some of the \$4million they have in reserves to do so. They have had 17 years to address that and it hasn't happened yet nor do we hold any hope that it will.

The County of Alameda owns the fire station in Five Canyons and it is only fitting that it does.

#### COST SAVINGS

The LAFCO service review report estimates a cost savings of \$100,000 should the District be dissolved. We found the analysis to be lacking in detail but it does seem reasonable that a fair amount of money in terms of meeting and administrative costs would be saved. If cost savings alone was the reason for an SOI rating of Zero, a much more detailed analysis should be done by LAFCO prior to that determination. However, we believe there are other significant factors in determining SOI:

#### DUPLICATION OF SERVICE

Generally speaking, is it not the policy of LAFCO to discourage duplication of service? It is our understanding that where a special district is coterminous with, or lies substantially within, the boundary

or Sphere of Influence of a city which is capable of providing the service, the special district may be given a zero sphere of influence which encompasses no territory.

Here we have a Special District that lies entirely within Unincorporated Alameda County. Alameda County makes all land use decisions within the District - and Alameda County has its own fire department. Additionally, a portion of the District lies within the SOI of Hayward which also has its own fire department. On the duplication of services issue alone, the District should have a zero sphere of influence.

#### GENERAL PLANS

And aren't Spheres of Influence for districts which provide urban services generally tied to city growth plans?

But if one were to analyze the relationship of the FFPD plans to a general plan, you would be hard pressed to do so and would see a change of organization from your last service review. At that time, no part of the District was even included in either the Eden Area General Plan or the Castro Valley General Plan. In 2011, the area known as Fairview was loosely referenced in the Eden Area General Plan. In 2012, Five Canyons (a significant portion of the District) was added to the Castro Valley General Plan.

#### RANGE OF SERVICES

Influence has much to do with community engagement and education through outreach. The FFPD does extremely little in that regard. In the last 18 years, Five Canyons residents may have received one or two educational flyers and at one point, there was an earthquake preparedness bag giveaway...but that's about it. The District's web site is sorely lacking and the page on community education begins with "Fairview Fire Protection District will provide training course for the community in 2007. Below you will find a sample of the courses we will be offering." There are, of course, no current offerings.

Their web site states "The role of the Board of Directors is to set policy, approve the budget, assist in long range planning and negotiate with vendors." What policy and long range planning? We wouldn't know as it is not communicated. The Association has never been provided a budget nor has it ever received any minutes of any meeting. Even the simple act of posting them on their web site is not done. Again, communication with the people they supposedly represent is extremely lacking.

While some of our board has attended FFPD meetings, we cannot remember a time when any FFPD board member has attended an association meeting. It would be a safe bet that the vast majority of Five Canyons homeowners are either unaware of the District or don't really care if there is a special district. While many of us in this democratic society in which we live believe in and value "local control", there is not a strong perception of any local control in terms of the FFPD.

People do care about having good fire protection but the average citizen does not get involved in the execution of those services. For those who do wish to participate and/or be heard, there is local representation in Alameda County via the Alameda County Fire Commission. In fact, one of the FFPD's directors has served on that commission for many years.

If the FFPD were to dissolve, there should also be a Citizens' Advisory Committee made up of Fairview citizens to oversee the very substantial reserves that Fairview taxpayers have paid.

#### GOVERNMENT CODE 56668C, D and E

A rating of a zero SOI for the District will have no impact on mutual social and economic interests nor on the local government structure of the County since the entire District is already part of the Unincorporated

Area of Alameda County. It will also have no effect on maintaining the physical and economic integrity of agricultural lands. Rather, it will clearly provide for planned, orderly, and efficient patterns of urban development.

#### RECOMMENDATION

One of our board members was at the meeting of the 10/21/13 Castro Valley Municipal Advisory Council where the FFPD review was on the agenda. We are aware of and are in support of the recommendation made by the Castro Valley Municipal Advisory Council:

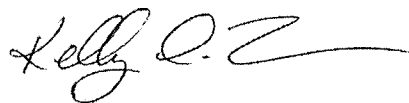
- 1) LAFCO assign a Zero SOI to the Fairview District
- 2) Alameda County Fire take over the Fire Station it already owns and service to Five Canyons and all of the Unincorporated County area of Fairview that it can adequately serve from that station and
- 3) Alameda County contract with the City of Hayward for any other areas within Fairview that would be better served by Hayward, if any
- 4) A Fairview CAC be formed to advise the County on fire protection issues in Fairview and to insure that the \$4+ million surplus currently in reserves is used for fire protection in Fairview

We would like to state for the record that the FFPD's contract provider, Hayward Fire, has provided very good service and the recommendation to go with Alameda County Fire is no reflection on Hayward's performance but rather is the logical choice given the fact that Fairview is Unincorporated Alameda County; Alameda County has its own excellent fire department; and Alameda County does, in fact, already own the Five Canyons station.

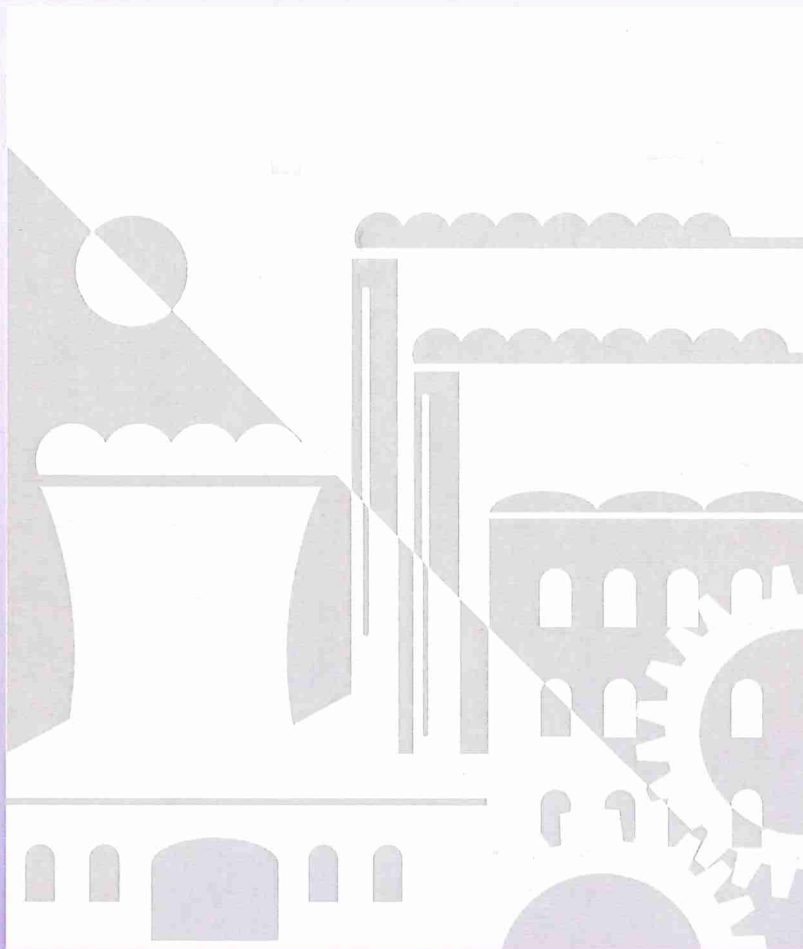
We believe that the preceding 4-pronged alternative offers: a means of eliminating duplication of services, reduction in costs to our homeowners and all members of the District, oversight of the considerable reserves our homeowners and all taxpayers within the District have paid thus far while at the same time providing vital and very fine fire protection services to the District.

Thank you again for the opportunity to comment. Please include our association in any and all future correspondence on this subject.

On Behalf of the Five Canyons Owners Association as directed by their Board of Directors,



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***FAIRVIEW FIRE PROTECTION  
DISTRICT  
MUNICIPAL SERVICE REVIEW  
DRAFT FINAL***

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*November 7, 2013*

Prepared for the  
Local Agency Formation Commission of Alameda County  
by  
Baracco and Associates,  
Policy Consulting Associates, LLC

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# ***1. AGENCY OVERVIEW***

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Fairview Fire Protection District (FFPD) contracts with the City of Hayward Fire Department (Hayward FD) for the provision of fire protection, emergency medical and paramedic services, auto accident rescue, natural disasters rescue, safe surrender service, and animal rescue.

The last MSR for FFPD was completed in 2004.

## **FORMATION**

FFPD was established in 1938 as an independent special district.

The principal act that governs the District is the Fire Protection District Law of 1987.<sup>1</sup> The principal act empowers fire districts to provide fire protection, rescue, emergency medical, hazardous material response, ambulance, and any other services relating to the protection of lives and property.<sup>2</sup> 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.

## **BOUNDARY**

The FFPD lies in the Fairview and Five Canyons unincorporated areas just north of the City of Hayward. Most of the area of FFPD is situated in the City of Hayward's sphere of influence (SOI). The FFPD boundary encompasses about 4.2 square miles.

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### **Extra-territorial Services**

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FFPD, through its direct service provider Hayward FD, provides mutual aid assistance to neighboring jurisdictions and also participates in the California Emergency Management Agency (Cal EMA) strike team to assist the State with wild fires.

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### **Unserved Areas**

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There are no unserved areas within Fairview FPD.

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<sup>1</sup> Health and Safety Code §13800-13970.

<sup>2</sup> Health and Safety Code §13862.

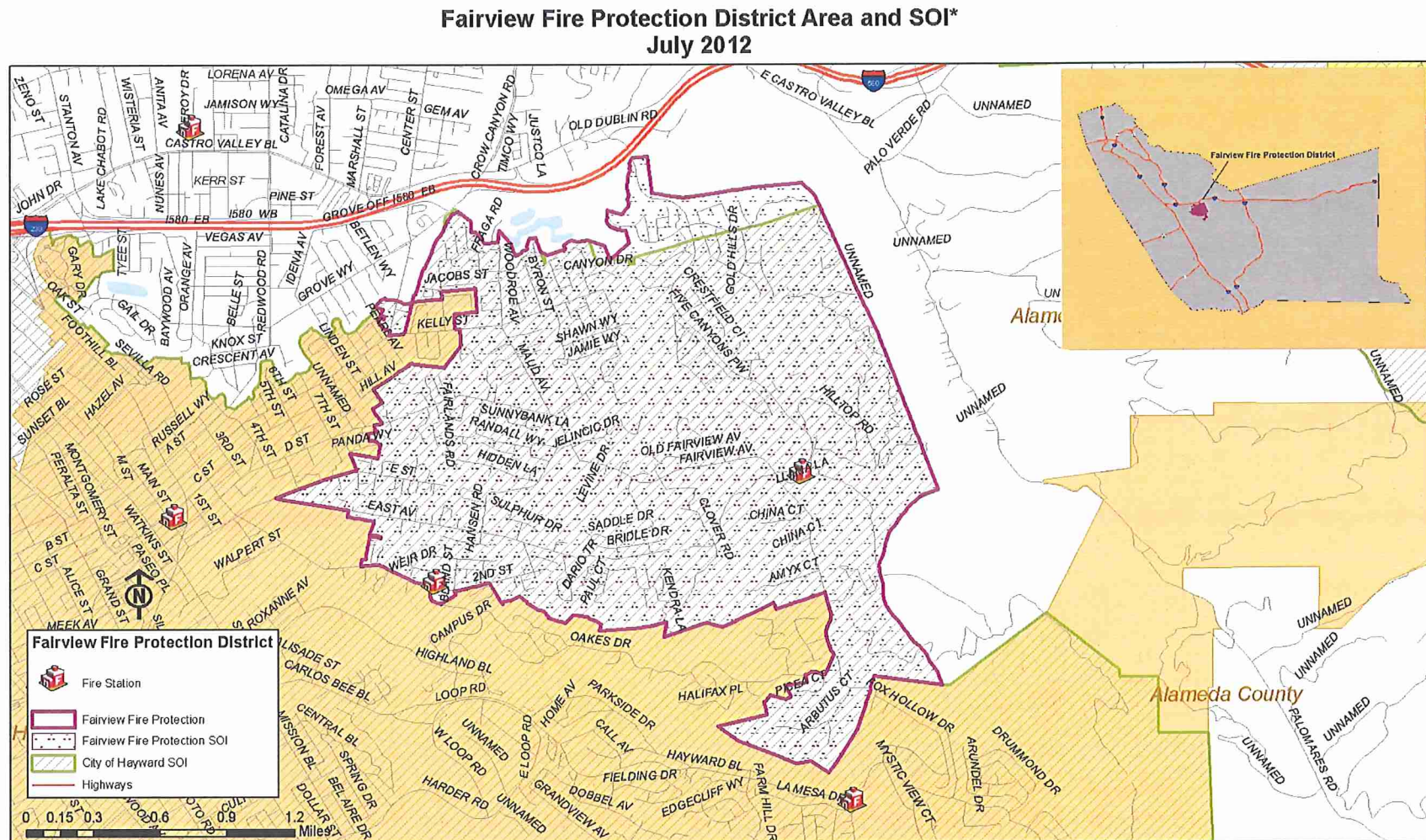


## **SPHERE OF INFLUENCE**

The Fairview Fire Protection District's SOI was established by LAFCo in 1983 as coterminous with its boundary.

During the 2004 SOI updates, the Commission elected to retain a coterminous SOI for FFPD.

Figure 1-1: Fairview FPD Boundaries and SOI



\*Agency sphere equals the service area boundary

Created for Alameda LAFCo by the Alameda County Community Development Agency



## ACCOUNTABILITY AND GOVERNANCE

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here are limited to 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, 2) a defined complaint process designed to handle all issues to resolution, and 3) transparency of the agency as indicated by cooperation with the MSR process and information disclosure.

FFPD is governed by a five member Board of Directors elected to four-year terms. Current board member names, positions, and term expiration dates are shown in Figure 1-2.

The Board of Directors meets on the last Monday of January, April, July, and October at seven in the evening. A notice of public meetings is posted at two fire stations, published in the local newspaper and posted on the FFPD website. Meeting minutes are not posted on the website. It is recommended that public agencies post both their meeting agendas and minutes on their websites for constituents to have easier access to meeting materials.

**Figure 1-2: Fairview Fire Protection District's Governing Body**

Fairview Fire Protection District				
District Contact Information				
Contact:	Tara Reyes , Fire Services Supervisor			
Address:	Hayward FD, 777 B Street, Hayward, CA 94541			
Telephone:	(510)583-4940			
Fax	(510)583-3640			
Email/website:	<a href="http://www.fairviewfiredept.org/index.htm">http://www.fairviewfiredept.org/index.htm</a>			
Board of Directors				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Jeff Rosier	Vice-President	November 2014	Elected	4 years
Angelo Costanzo	Assistant Vice	November 2014	Elected	4 years
Audie Bock	Director	November 2016	Elected	4 years
Catherine Ortiz-Carden	President	November 2016	Elected	4 years
Charles Snipes	Secretary	November 2016	Elected	4 years
Meetings				
Date:	Last Monday of January, April, July, and October at 7pm.			
Location:	Meetings are held at the Fire Station #8 in Five Canyons.			
Agenda Distribution:	Posted on the website, at the fire stations and in newspaper.			
Minutes Distribution:	Available upon request.			

FFPD updates its constituents through noticed meetings and its website. FFPD outreach, through its service agreement with Hayward FD, includes presentations at schools, Fire Prevention Week, fire and earthquake planning for homeowners and associations, Community Emergency Response Team (CERT) training classes spring and fall at no charge

to individuals, and informational brochures provided to the public at the fire stations serving the District.

Customer complaints for FFPD are handled by the City of Hayward's Fire Chief. Any member of the public can submit complaints at board meetings or individually to the FFPD Board President and Directors. FFPD reported that it did not receive any complaints in 2011.

FFPD demonstrated accountability in its disclosure of information and cooperation with the LAFCo questionnaires and other requests.

## MANAGEMENT AND STAFFING

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

FFPD states that its mission is "to be an effective emergency service organization by meeting the service requirements of our community in fire suppression, fire prevention, emergency medical services, rescue and public education; utilizing and improving the dedication and skills of fire district personnel; and continually improving and evaluating all of our services and operations."

FFPD does not employ any staff directly. The City of Hayward Fire Department personnel manage the day-to-day operations of FFPD, including administrative, and all fire protection and other services. Hayward FD performs annual performance evaluations on all personnel. For more information relating to the City of Hayward Fire Department and its staffing and management, refer to the City of Hayward MSR.

The Hayward Fire Chief and/or the Chief's designees attend regular FFPD Board meetings to inform the directors and the public on emergency responses made and items needing attention in FFPD. FFPD receives quarterly written reports from the Hayward Fire Chief on significant emergency incidents, response times, fire prevention activities and standards of coverage benchmarks in FFPD.

FFPD does not conduct evaluations for the District as a whole, such as benchmarking or annual reports.

FFPD's financial planning efforts include an annually adopted budget and annually audited financial statements. FFPD reported that in FY 11-12 it had adopted a capital improvement budget with the planning horizon of eight years to repair and replace aging apparatus and facilities.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the County Board of Supervisors has



approved a biennial or five-year schedule.<sup>3</sup> In the case of FFPD, the District must submit audits annually. The District has submitted its audit to the County for FY 10-11 within the required 12 month period.

## GROWTH AND POPULATION PROJECTIONS

This section discusses the factors affecting service demand, such as land uses, and historical and anticipated population growth.

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### Land Use

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FFPD's boundary area is approximately 4.2 square miles. The County is the land use authority for the unincorporated areas. The agency's land uses are mostly residential. FFPD has no land use authority.

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### Existing Population

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As of 2010, the population of the area in FFPD was 13,284. Its population density—3,163 residents per square mile—is higher than the countywide density of 1,840 people per square mile.

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### Projected Growth and Development

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Based on Association of Bay Area Governments (ABAG) growth projections and the FFPD estimated 2010 Census population, the population of the area within the District is anticipated to reach 16,153 by 2035, with an average annual growth rate of 0.8 percent. Per ABAG population projections, the rate of growth in FFPD is expected to be similar to the unincorporated growth rate through 2035. From 2010 to 2035, the population in the unincorporated area of Alameda County is estimated to grow by 22 percent, while the County overall is anticipated to grow by 27 percent.

FFPD reports that it expects demand for service to be proportional to population growth. Service challenges for the District include the increased demand for emergency medical and paramedic services from the District's aging population. FFPD anticipates the same growth rate as most of the surrounding areas in the County; however, no formal population projections were made by the District.

Within the Five Canyons area, future development potential is limited to a single subdivided property that has been approved for development, but no homes have been

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<sup>3</sup> Government Code §26909.



built to date. Another potential development site is located in Fairview, just north of Fairview Avenue. It consists of 15 single unit residential lots and is planned to be completed by the first quarter of 2013. As reported by FFPD, however, the 2013 completion is unlikely due to community opposition to stream damage caused by current stormwater drainage plans.

## FINANCING

The financial ability of agencies to provide services is affected by available financing sources and financing constraints. This section discusses the major financing constraints faced by FFPD and identifies the revenue sources currently available to the District.

FFPD reported that current financial levels were adequate to deliver services. No specific financing challenges were identified.

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### Revenues

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The revenues for FFPD for FY 11-12 were \$2.5 million. The District's revenues consist primarily of property taxes (98 percent). Other revenue sources included parcel tax income that finances emergency medical services (EMS), investment earnings and other revenues.

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### Expenditures

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Expenditures in FY 11-12 for FFPD were \$3.1 million, which consisted mainly of fire protection service expenses (80 percent) and fixed assets (18 percent). Other expenses included dispatch services, county administrative and collection fees, insurance, legal and accounting fees, hydrant installations, weed abatement, general election, bookkeeping and clerical (bookkeeping services and secretary/recorder for keeping minutes at FFPD meetings), utilities, director fees and training, landscape services (at Station 8), website related, depreciation, and miscellaneous (including janitorial service for Station 8). Total expenditures exceeded total revenues by about \$550,000 largely due to decline in property tax revenues.

All administrative services are provided by the Hayward FD, including the processing of payment requests for the District.

In FY 11-12, FFPD paid the City of Hayward \$2.4 million in fees for fire protection service provision.

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### Liabilities and Assets

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FFPD does not have any long-term debt.

At the end of FY 11-12 the FFPD's unassigned fund balance was \$4.8 million, which amounted to about 29 months of operating expenditures. However, for at least the last two years, FFPD has budgeted to allocate reserve funds to establish a Capital Improvement

Program. This required catch up years to appropriately encumber enough funds for future capital needs. The District is planning to be entirely caught up by FY 13-14.

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## Financing Efficiencies

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FFPD engages in joint financing arrangements with the City of Hayward. FFPD owns its fire equipment and reportedly owns Station 8 though the District could not provide evidence of the transfer of ownership from Alameda County to FFPD. The District allows the City of Hayward to use the equipment and the station at no charge.

## 2. MUNICIPAL SERVICES

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### FIRE PROTECTION SERVICES

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#### Service Overview

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FFPD contracts with the City of Hayward to provide fire protection, hazardous materials removal, emergency medical and paramedic services, auto accident rescue, natural disasters rescue, safe surrender service, and animal rescue within the boundaries of FFPD. Under the contract, Hayward FD also takes care of weed abatement throughout all visible land within the FFPD boundary area.

Prior to the contract with Hayward in 1993, first response to structure fires in the FFPD was provided by the District itself with two fire engines and a volunteer force, often requesting mutual aid from the City of Hayward. FFPD did not have enough resources to provide its own services. By contracting with the City of Hayward, fire service was reported to have greatly improved due to full access to Hayward FD's resources.

All 911 calls are answered by the Alameda County Sheriff's dispatch center. If fire or medical-related, the caller is transferred to the Hayward dispatcher. For the caller to receive emergency medical procedure instructions over the phone, Hayward Dispatch transfers the caller to the Alameda County Regional Emergency Communication Center (ACRECC) after enough information is gathered by Hayward to dispatch a first-response unit.

In January 2012, the City of Hayward implemented a new \$4.5 million New World Computer Aided Dispatching (CAD) System. This new system includes GPS vehicle locating, enhanced mapping and resource tracking with improved record management capabilities. Additionally, the City of Hayward entered into an agreement with the East Bay Regional Communication System Authority (EBRCSA) that allows for interoperable communication throughout the region. Currently, Hayward Dispatch, Alameda County Sheriff's Office and ACRECC do not have an interface linking their CAD systems. The implementation of such an interface is expected to improve service delivery and is under development.

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#### Demand for Services

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In 2011, there were approximately 624 calls for service within the FFPD. Of those, 429 were for medical emergencies, which constituted 71 percent of incidents and the remainder involved fire, false alarm, and other types of incidents. To compare, in 2002, there were 495 calls for service within the FFPD with 78 percent of incidents being medical emergencies and the remainder involving fire, false alarm, and other types of incidents.

During FY 04-05, Hayward FD's Station 9 was closed and Station 8 responded to most of the service calls. Since then, Station 9 reopened and now responds to service calls. In 2011,



Station 9 in Hayward responded to 25 percent of District incidents, while Station No. 8 located in the District responded to 75 percent of incidents.

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## Infrastructure and Facilities

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The FFPD is primarily served by Fire Station No. 8 located in Five Canyons which is operated by the City of Hayward. FFPD has indicated that the District now owns the station. In 2000, the Alameda County Board of Supervisors, at a public hearing, adopted a resolution to hold the deed to the new Fire Station 8 until FFPD could acquire sufficient funds to acquire land and build an emergency access easement at the end of East Avenue and Star Ridge. FFPD reported that it fulfilled the requirement and the title was transferred from the County to FFPD, however the District was unable to provide the date of the transfer or the grant deed. The station was built in 2000, and is in good condition. In 2010, a solar array was installed to the rear of Fire Station 8 which allows FFPD to "sell back" unused electricity to PG&E. Fire Station 8 houses a Type III engine and a Type I engine owned by FFPD. Fire Station 8 also serves as the FFPD Board room.

FFPD still has ownership of its old fire station on Fairview Avenue (old Hayward Fire Station No. 8) built in 1938, which is currently inactive. The old station functions as equipment storage for fire season quick reserve vehicle access, and has been a polling place during elections.

In addition, Hayward FD owns and staffs Station 9 reported to be in good condition and located on Second Street in Hayward, just inside of FFPD boundaries. Its strategic location, according to FFPD and the Hayward Fire Chief, increases the service level and response capabilities within the District by about 25 to 35 percent.

FFPD owns three firefighting vehicles—a 2004 Seagrave Type I Pumper housed at Station 8 and due to be replaced in 2014, a 2009 West Mark Type III pumper kept at Station 8 and due to be replaced in 2020, and a 2008 West Mark Type IV four-wheel drive Wildland Patrol Engine (best for navigating Fairview's steep canyons) located at Station 9 and due to be replaced by 2024. All vehicles are in good condition and are used by Hayward FD.

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## Infrastructure Needs or Deficiencies

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In FY 11-12, FFPD budgeted \$41,500 for multiple apparatus and equipment replacement and facility upgrade needs, including Type 3 apparatus EMS equipment, Type 3 apparatus Lucas device<sup>4</sup> and Type 3 apparatus defibrillator device.<sup>5</sup> The reported upgrade

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<sup>4</sup> The LUCAS device is used to provide a steady supply of oxygen to the heart and brain in cardiac arrest patients.

<sup>5</sup> Fairview Fire Protection District Adopted Final Budget FY 2011-12, p.2.

needs on FFPD's old station consisted of furniture/appliance replacements, painting, kitchen fan, and landscaping.

FFPD sets aside funds for facility upgrades, and equipment and apparatus replacement. According to the FFPD capital improvement budget, in FY 11-12, the District budgeted \$487,979 for this purpose. The amounts to be put aside in FYs 12-13 and 13-14 were \$742,343 and \$145,479 respectively.

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## Shared Facilities and Regional Collaboration

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FFPD participates in regional collaboration efforts as part of the Hayward FD. Hayward FD takes part in the Alameda County Mutual Aid Agreement and the Statewide Mutual Aid Plan. Hayward has an automatic aid agreement with Alameda County Fire Department to respond to incidents on Interstate 880 and with Foster City to respond to incidents on the Hayward-San Mateo Bridge. Hayward FD provides mutual aid assistance as requested to neighboring jurisdictions and also participates in the Alameda County strike teams to assist the State with major wild fires.

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## Service Adequacy

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This section reviews indicators of service adequacy, including response times, complaints, staffing levels.

The guideline established by the National Fire Protection Association (NFPA) for fire response times is six minutes at least 90 percent of the time, with response time measured from the 911-call time to the arrival time of the first-responder at the scene. The fire response time guideline established by the Center for Public Safety Excellence (formerly the Commission on Fire Accreditation International) is 5 minutes 50 seconds at least 90 percent of the time.<sup>6</sup>

Emergency response time standards vary by level of urbanization of an area: the more urban an area, the faster a response has to be. The California Emergency Medical Services Agency established the following response time guidelines: five minutes in urban areas, 15 minutes in suburban or rural areas, and as quickly as possible in wildland areas.

The average response time for FFPD is approximately five minutes, which is consistent with the response time criteria set forth by Hayward FD—first arriving response apparatus being on scene in five minutes or less 90 percent of the time, and the balance of the first alarm assignment being on scene in eight minutes or less.

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<sup>6</sup> Commission on Fire Accreditation International, 2000.



Fire services are classified by the Insurance Service Office (ISO), an advisory organization. This classification indicates the general adequacy of coverage. Communities with the best fire department facilities, systems for water distribution, fire alarms and communications, and equipment and personnel receive a rating of 1. The ISO rating for Hayward Fire Department is Fire Protection Class 3 (urban) out of 10.

According to the District, no complaints were received in 2011 relating to the speed of fire apparatus.

FFPD is primarily served by Station 8 and Station 9. It receives additional service from fire stations located in Hayward, although those stations primarily serve the City of Hayward. Each fire station is staffed by a three-person engine company with at least one being a paramedic able to deliver Advance Life Support (ALS).

There have been no significant changes in service adequacy level since the last MSR.

### ***3. GOVERNANCE STRUCTURE OPTIONS***

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Four government structure options were identified during this MSR process. As identified in the previous 2004 MSR, two options involve dissolution. A third identified option is to create a subsidiary district, and a fourth option is to retain the status quo.

FFPD's contract with the City of Hayward has resulted in the provision of adequate services to the FFPD residents and property owners on a long-term basis. The voters of the District supported the existence of FFPD, both through the electoral process and financially by approving an emergency medical services assessment, which was approved by the voters to be extended in 1997. However, because the District does not provide any direct services, but rather administers a contract for service provision, certain operating and administrative expenses could be avoided by dissolving FFPD and having another existing service provider take on governance and operations of fire service in the area. Estimated savings of about \$100,000 annually might be achieved if a management layer and election costs were eliminated through government reorganization.<sup>7</sup>

Given that no changes in governance or service structure have occurred since the prior MSR (the District still does not provide services directly nor does it employ any staff), dissolution continues to be a viable option for FFPD.

In the case of dissolution, a successor agency would have to assume the responsibility of fire protection in the FFPD boundary area. One option is for the City of Hayward to annex the territory of FFPD. However, the City is a multi-service agency with land use authority, and the voters of the District expressed their desire not to be annexed into the City when they rejected FFPD dissolution and annexation into the City of Hayward in 1996. Annexation by the City of Hayward would affect regulatory, permitting and planning processes in the FFPD area, and could be growth-inducing, which may require multiple plans and studies, including but not limited to an environmental impact report (EIR), annexation study and consolidation feasibility study.

Another option identified is to form a subsidiary district which would require the City of Hayward to annex a majority of the territory of FFPD. Establishment of a subsidiary district would not change the legal status of FFPD but would establish the Hayward City Council as the ex-officio board of directors, replacing the existing FFPD Board of Directors. This option continues fire service provision with the City of Hayward. The primary

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<sup>7</sup> The savings of \$100,000 are an approximate estimate based on FFPD Financial Statements for FY 10-11. To achieve a more exact financial figure, a more thorough study would be needed.

advantage of a subsidiary district versus annexation is transparency of use of public funds; in other words, it ensures that tax funds collected from the FFPD boundary area are directly used for fire service provision in that area. The law allows for a City to take the funding and operate the subsidiary district as a department of the City rather than as a legal special district. Therefore, as an extra layer of security, in order to ensure that funds remain in the District and are used for its operations, this option should include a condition that the City ensure that taxes collected within the subsidiary district boundary will be used exclusively for administrative and operational costs of the subsidiary district. An obstacle to this governance option, however, is that the law requires at least 70 percent of the territory and at least 70 percent of registered voters of a subsidiary district to be within the city's boundaries; consequently, this option would also involve annexation which, as stated above, FFPD voters rejected in 1996, as well as multiple studies. This options also would not eliminate some of the costs that are involved with administering a separate legal special district.

Another identified option is for the Alameda County Fire Department (ACFD) to annex the FFPD territory and assume responsibility for the provision of fire protection and other related services to the area. The FFPD area is currently the only unincorporated area in Alameda County not included in ACFD.

A potential challenge to annexation by ACFD could be FFPD residents' concern about changing fire providers from the City of Hayward to ACFD. The City of Hayward is familiar with the area and has infrastructure and resources in place to efficiently provide services to FFPD. Discontinuing this existing system may be counter-productive to efficient service provision and may not be favorable to voters. A potential solution may be for ACFD to contract with the City of Hayward for fire services in the Fairview/Five Canyons area. This would keep the current service provider in place, but the service contract would be administered by ACFD instead of a separate, independent fire protection district. ACFD already administers a wide range of contracts and has expressed interest in this arrangement. This option might achieve operational savings of about \$100,000 a year and eliminates the need for any additional reorganization studies. Residents of FFPD would benefit by maintaining the current contract for services with the City of Hayward, and still remain within the unincorporated area.



## 4. MSR DETERMINATIONS

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### Growth and Population Projections

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- ❖ As of 2010, the population within Fairview Fire Protection District (FFPD) was 13,284.
- ❖ Based on Association of Bay Area Governments (ABAG) growth projections the population of FFPD is anticipated to be 16,153 by 2035.
- ❖ FFPD expects its service demand to be proportional to population growth. Increased demand is anticipated for emergency medical services (EMS) from the District's aging population.
- ❖ Within the Five Canyons area, future development potential is limited to a single subdivided property; in Fairview, one planned development area is located north of Fairview Avenue.

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### Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

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- ❖ Based on Census Designated Places, Alameda LAFCo determines that there are no disadvantaged unincorporated communities that meet the basic state-mandated criteria. 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.

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### Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

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- ❖ FFPD contracts with the City of Hayward Fire Department for the provision of fire protection, emergency medical and paramedic services, auto accident rescue, natural disasters rescue, safe surrender service, and animal rescue.
- ❖ To plan for its capital improvement needs, in FY 11-12 FFPD adopted a capital improvement budget with the planning horizon of eight years. Every year, FFPD sets aside funds to repair and replace aging and apparatus and facilities. According to the FFPD capital improvement budget, in FY 11-12, the District budgeted \$487,979. The amounts to be put aside in FYs 12-13 and 13-14 were \$742,343 and \$145,479 respectively.

- ❖ In FY 11-12, FFPD budgeted \$41,500 for multiple apparatus and equipment replacement and facility upgrade needs, including Type 3 apparatus EMS equipment, Type 3 apparatus Lucas device<sup>8</sup> and Type 3 apparatus defibrillator device.
- ❖ Services provided in FFPD by the City of Hayward appear to be adequate based on response times, Insurance Service Office (ISO) rating and number of complaints.
- ❖ Needs and deficiencies related to structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence of FFPD were not identified since based on Census Designated Places, Alameda LAFCo determined that there were no disadvantaged unincorporated communities that met the basic state-mandated criteria in Alameda County.

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### Financial Ability of Agency to Provide Services

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- ❖ FFPD's financing levels are adequate to deliver services, based on healthy financial reserves and lack of reported financing challenges.
- ❖ FFPD's main source of revenue is property taxes which have declined with the decline in assessed property values.
- ❖ At the end of FY 10-11 the FFPD's unassigned fund balance was \$4.6 million, which amounts to about 29 months of operating expenditures.
- ❖ For at least the last two years, FFPD has allocated reserve funds in its budget to establish a Capital Improvement Program. The District is planning to encumber enough funds to fully fund its future capital needs by FY 13-14.
- ❖ FFPD does not have any long-term debt.

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### Status and Opportunities for Shared Facilities

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- ❖ FFPD engages in joint financing arrangements with the City of Hayward.
- ❖ FFPD owns its fire equipment and the old inactive station on Fairview Avenue, and allows the City of Hayward to use that equipment and the station at no charge.

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<sup>8</sup> The LUCAS device is the device that is used to provide steady supply of oxygen to the heart and brain in cardiac arrest patients.

- ❖ FFPD is primarily served by Station 8 which is reportedly owned by FFPD (the District could not confirm the transfer of title from Alameda County to FFPD) and operated by Hayward FD.
- ❖ Station 9 which also serves FFPD is owned and operated by the City of Hayward.
- ❖ FFPD participates in regional collaboration efforts as part of the Hayward Fire Department. The Hayward FD participates in the Alameda County Mutual Aid Agreement and the Statewide Mutual Aid Plan. Hayward has an automatic aid agreement with Alameda County Fire Department and with Foster City. Hayward FD provides mutual aid assistance to neighboring jurisdictions and participates in the Alameda County strike teams assisting the State with wild fires.

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### Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

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- ❖ FFPD is governed by a five-member Board of Directors. The Board updates constituents, posts meeting agendas and discloses some of its public documents on its website. The District should consider posting its meeting minutes on its website for easier public access.
- ❖ Four governance structure options were identified with regards to FFPD: 1) Dissolving FFPD and annexing its territory into City of Hayward; 2) Reorganizing FFPD into a subsidiary district of the City of Hayward; 3) Dissolving FFPD and annexing its territory into Alameda County Fire Department; and 4) Retaining status quo.
- ❖ FFPD demonstrated accountability in its cooperation with the LAFCo information requests.



## ***5. SPHERE OF INFLUENCE UPDATE***

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### **Existing Sphere of Influence Boundary**

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FFPD's existing SOI is coterminous with its boundary and includes all the unincorporated areas of Fairview and Five Canyons.

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### **SOI Options**

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Two options were identified with respect to FFPD's SOI.

#### **Option #1 – Zero SOI**

If the Commission determines that the agency should be dissolved, it would be appropriate to adopt zero SOI.

#### **Option #2 – Maintain coterminous SOI**

If the Commission determines that no changes are needed in the existing service provision arrangement, retention of the existing SOI is appropriate.

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### **Recommended Sphere of Influence Boundary**

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Because FFPD does not provide direct service, there are potential cost savings to be achieved by dissolving the District and having the agency's contract for services either administered by another existing agency or having the services provided directly by another agency. Cost savings are estimated at about \$100,000 a year. For this reason, it is recommended that the Commission adopt a zero SOI for FFPD. A zero SOI would encourage a reorganization of the services provided to the residents of FFPD.

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## Proposed Sphere of Influence Determinations

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### *Nature, location, extent, functions, and classes of services provided*

- ❖ Fairview Fire Protection District (FFPD) provides fire protection, emergency medical and paramedic services, auto accident rescue, natural disasters rescue, safe surrender service, animal rescue, and weed abatement services to the unincorporated communities of Fairview and Five Canyons through a contract with the City of Hayward.

### *Present and planned land uses, including agricultural and open-space lands*

- ❖ Land uses within FFPD are mostly residential. The SOI is consistent with land uses approved by the County, which has land use authority within the District boundaries. FFPD has no authority over land use.
- ❖ Most of FFPD also lies within the City of Hayward's SOI. City and County policies support the provision of adequate fire and paramedic services. The City and the County plans include land uses and population growth indicating an ongoing need for fire and paramedic services. Both the City of Hayward and Alameda County require fire code compliance when approving development plans.
- ❖ Fire and paramedic services are needed in all areas, are already being provided, and do not, by themselves, induce or encourage growth on agricultural or open space lands.

### *Present and probable need for public facilities and services*

- ❖ As indicated by the service call volume, there is a present and anticipated continued need for fire protection services within Fairview and Five Canyons. Based on the aging of the District's population, there is anticipated growth in the need for EMS and paramedic services.

### *Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide*

- ❖ Fire services for the FFPD are provided by the City of Hayward. Hayward Fire Department's ISO rating is 3. The average response time for the FFPD is approximately five minutes, which is comparable to the median response time of other Alameda County fire service providers. According to FFPD, no complaints were received in 2011.
- ❖ FFPD is primarily served by two fire stations—Station 8 reportedly owned by FFPD and located in Castro Valley, and Station 9 owned by and located in the City of Hayward. Facilities and equipment are in good condition.

Existence of any social or economic communities of interest

- ❖ FFPD indirectly serves the population within its boundaries—residents of Fairview and Five Canyons communities. Commuters and City of Hayward residents are also users of the services contracted by FFPD.
- ❖ The City of Hayward, as the direct service provider for FFPD, provides mutual aid to other areas of Alameda County.

Present and probable need for public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence

- ❖ No present or probable need for public facilities and services of any disadvantaged unincorporated communities within the existing FFPD SOI were identified since based on Census Designated Places, Alameda LAFCo has determined that Alameda County had no disadvantaged unincorporated communities that met the basic state-mandated criteria.

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

**Adopting Municipal Service Review Determinations, Sphere of Influence Determinations, and  
Updating the Sphere of Influence for the Fairview Fire Protection 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 Fairview Fire Protection District (FFPD); and

**WHEREAS**, the FFPD has an SOI coterminous with the District's jurisdictional boundary; and

**WHEREAS**, no change in regulation, land use or development will occur as a result of updating the FFPD 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 Fairview Fire Protection District (FFPD) was 13,284.
- ii. Based on Association of Bay Area Governments (ABAG) growth projections the population of FFPD is anticipated to be 16,153 by 2035.
- iii. FFPD expects its service demand to be proportional to population growth. Increased demand is anticipated for emergency medical services (EMS) from the District's aging population.
- iv. Within the Five Canyons area, future development potential is limited to a single subdivided property; in Fairview, one planned development area is located north of Fairview Avenue.

*b. Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence*

- i. Based on Census Designated Places, Alameda LAFCo determines that there are no disadvantaged unincorporated communities within Alameda County that meet the basic state-mandated criteria. 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. FFPD contracts with the City of Hayward Fire Department for the provision of fire protection, emergency medical and paramedic services, auto accident rescue, natural disasters rescue, safe surrender service, and animal rescue.
- ii. To plan for its capital improvement needs, in FY 11-12 FFPD adopted a capital improvement budget with the planning horizon of eight years. Every year, FFPD sets aside funds to repair and replace aging and apparatus and facilities. According to the FFPD capital improvement budget, in FY 11-12, the District budgeted \$487,979. The amounts to be put aside in FYs 12-13 and 13-14 were \$742,343 and \$145,479 respectively.
- iii. In FY 11-12, FFPD budgeted \$41,500 for multiple apparatus and equipment replacement and facility upgrade needs, including Type 3 apparatus EMS equipment, Type 3 apparatus Lucas device<sup>1</sup> and Type 3 apparatus defibrillator device.
- iv. Services provided in FFPD by the City of Hayward appear to be adequate based on response times, Insurance Service Office (ISO) rating and number of complaints.
- v. Needs and deficiencies related to structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence of FFPD were not identified since based on Census Designated Places, Alameda LAFCo determined that there were no disadvantaged unincorporated communities that met the basic state-mandated criteria in Alameda County.

d. *Financial Ability of Agency to Provide Services*

- i. FFPD's financing levels are adequate to deliver services, based on healthy financial reserves and lack of reported financing challenges.
- ii. FFPD's main source of revenue is property taxes which have declined with the decline in assessed property values.
- iii. At the end of FY 10-11 the FFPD's unassigned fund balance was \$4.6 million, which amounts to about 29 months of operating expenditures.
- iv. For at least the last two years, FFPD has allocated reserve funds in its budget to establish a Capital Improvement Program. The District is planning to encumber enough funds to fully fund its future capital needs by FY 13-14.
- v. FFPD does not have any long-term debt.

e. *Status and Opportunities for Shared Facilities*

- i. FFPD engages in joint financing arrangements with the City of Hayward.
- ii. FFPD owns its fire equipment and the old inactive station on Fairview Avenue, and allows the City of Hayward to use that equipment and the station at no charge.
- iii. FFPD is primarily served by Station 8 which is owned by Alameda County and operated by Hayward Fire Department.
- iv. Station 9 which also serves FFPD is owned and operated by the City of Hayward.
- v. FFPD participates in regional collaboration efforts as part of the Hayward Fire Department. The Hayward FD participates in the Alameda County Mutual Aid Agreement and the Statewide Mutual Aid Plan. Hayward has an automatic aid agreement with Alameda County Fire Department and with Foster City. Hayward FD provides mutual aid assistance to neighboring jurisdictions and participates in the Alameda County strike teams assisting the State with wild fires.

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<sup>1</sup> The LUCAS device is the device that is used to provide steady supply of oxygen to the heart and brain in cardiac arrest patients.



f. Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

- i. FFPD is governed by a five-member Board of Directors. The Board updates constituents, posts meeting agendas and discloses some of its public documents on its website. The District should consider posting its meeting minutes on its website for easier public access.
  - ii. Statements provided during the public comment period indicate that there is a divide among the District's constituents regarding its effectiveness. Some concerns were raised about the efficiency of the current governance structure and that the District has accumulated a large reserve with no expenditure plan or identified purpose for accumulating those funds.
  - iii. Four governance structure options were identified with regards to FFPD: 1) Dissolving FFPD and annexing its territory into City of Hayward; 2) Reorganizing FFPD into a subsidiary district of the City of Hayward; 3) Dissolving FFPD and annexing its territory into Alameda County Fire Department; and 4) Retaining status quo.
  - iv. FFPD demonstrated accountability in its cooperation with the LAFCo information requests, but could not provide backup documentation in some cases, for example evidence of ownership for Fire Station No. 8.
2. Adopt a provisional coterminous SOI, as generally depicted in Exhibit A attached hereto, with the following condition:
- a. By December 31, 2014, the District will provide a report to LAFCo that provides evidence that the District is reviewing its goals and objectives and evaluating its performance, including addressing any constituent concerns identified. If the District does not have written goals and objectives, the Commission will require that the district provide a timetable and workplan to identify goals and objectives by June 30, 2014.
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* – Land uses within FFPD are mostly residential. The SOI is consistent with land uses approved by the County, which has land use authority within the District boundaries. FFPD has no authority over land use.  
  
Most of FFPD also lies within the City of Hayward's SOI. City and County policies support the provision of adequate fire and paramedic services. The City and the County plans include land uses and population growth indicating an ongoing need for fire and paramedic services. Both the City of Hayward and Alameda County require fire code compliance when approving development plans.  
  
Fire and paramedic services are needed in all areas, are already being provided, and do not, by themselves, induce or encourage growth on agricultural or open space lands.
  - b. *The present and probable need for public facilities and services in the area* – As indicated by the service call volume, there is a present and anticipated continued need for fire protection services within Fairview and Five Canyons. Based on the aging of the District's population, there is anticipated growth in the need for EMS and paramedic services.
  - c. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide* – Fire services for the FFPD are provided by the City of Hayward. Hayward Fire Department's ISO rating is 3. The average response time for the FFPD is approximately five minutes, which is comparable to the median response time of other Alameda County fire service providers. According to FFPD, no complaints were received in 2011.



FFPD is primarily served by two fire stations—Station 8 owned by Alameda County and leased by the District, and Station 9 owned by and located in the City of Hayward. Facilities and equipment are in good condition.

- d. *The existence of any social or economic communities of interest in the area* – FFPD indirectly serves the population within its boundaries—residents of Fairview and Five Canyons communities. Commuters and City of Hayward residents are also users of the services contracted by FFPD.

The City of Hayward, as the direct service provider for FFPD, provides mutual aid to other areas of Alameda County.

- e. *Present and probable need for public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence* - No present or probable need for public facilities and services of any disadvantaged unincorporated communities within the existing FFPD SOI were identified since based on Census Designated Places, Alameda LAFCo has determined that Alameda County had no disadvantaged unincorporated communities that met the basic state-mandated criteria.
- f. *Nature, location, extent, functions & classes of services to be provided* – Fairview Fire Protection District (FFPD) provides fire protection, emergency medical and paramedic services, auto accident rescue, natural disasters rescue, safe surrender service, animal rescue, and weed abatement services to the unincorporated communities of Fairview and Five Canyons through a contract with the City of Hayward.

- 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 < >, seconded by Commissioner < >, and duly carried.

Ayes:  
Noes:  
Excused:

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Sblend Sblendorio, Chair, Alameda LAFCo

Approved as to Form:

By:

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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: \_\_\_\_\_

District Name	Highlighted Findings	SOI Options	Staff Recommendation	Consultant Recommendation
Eden Township Healthcare District (ETHD)	<ul style="list-style-type: none"> <li>Established in 1948, the District was originally formed to build a hospital in the central Alameda County area. The hospital was built and became operational in 1954. Over the years, the District has expanded and diversified its businesses and, in 1990, the District changed its name from Eden Township Hospital District to Eden Township Healthcare District to reflect the broadening of its services (in 1994, the enabling legislation was modified and changed the District law from Local Hospital District to Local Health Care District).</li> <li>ETHD collaborated with other healthcare providers to try to keep St. Rose Hospital in Hayward from closing.</li> <li>Financing levels were reported to be adequate.</li> <li>ETHD does not receive any property tax income. Its main source of revenue is income from rental properties.</li> <li>In FY 12-13, ETHD's expenses exceeded revenues by approximately \$3.5 million.</li> <li>ETHD's total unrestricted net assets amounted to \$10 million, or about 18 months of operating expenditures.</li> <li>District's current long-term debt is about \$35 million.</li> <li>On June 26, 2013, an arbitrator awarded Sutter Health \$17 million in damages from ETHD over a dispute related to San Leandro Hospital. The District anticipates paying that off over 12 years.</li> <li>Due to legal fees, ETHD suspended grant giving in FY 10-11, but resumed making grants in FY 11-12.</li> <li>With occupancy rates of 88, 75, and 40 percent in ETHD's three rental properties, the District appears to have enough capacity to serve the medical office rental demand.</li> <li>ETHD's grant giving services appear to be adequate as it employs effective grant management techniques.</li> <li>Governance alternatives include dissolution, consolidation with Washington Township Healthcare District, and annexation of the City of Dublin.</li> </ul>	<ol style="list-style-type: none"> <li><u>Expand ETHD SOI to include City of Dublin</u>  ETHD has rental medical properties in the City of Dublin and already provides services there. Should the Commission want to reflect the District's current service area, inclusion of the City of Dublin into the SOI is appropriate.</li> <li><u>Provisional coterminous SOI</u>  If the Commission determines that the district should not be dissolved, but finds that the District should meet certain conditions prior to making a determination, a provisional coterminous SOI is appropriate. Should the District not meet these conditions, the SOI designation may be revisited prior to the next regularly scheduled update cycle.</li> <li><u>Maintain coterminous SOI</u>  Should the Commission wish to continue to reflect the existing District boundary, then a coterminous SOI would be appropriate.</li> <li><u>Zero SOI</u>  If the Commission believes that the agency should be dissolved or consolidated because it does not provide direct healthcare services, adopting a zero SOI is appropriate.</li> </ol>	<p><b>SOI Option 2</b> Provisional coterminous SOI with the following condition:</p> <ol style="list-style-type: none"> <li>By June 30, 2014, the District shall provide a status report to LAFCo regarding progress made on the District's strategic plan priorities and related action plan as adopted by the District Board of Directors on May 15, 2013.</li> </ol>	<p><b>SOI Option 1</b> Since ETHD currently provides services in the City of Dublin and benefits city residents, it is recommended that the Commission consider expanding the ETHD SOI to include the City of Dublin.</p>

## Log of Comments

## Alameda LAFCo Public Review Draft Municipal Service Review – Eden Township Healthcare District (ETHD)

#	Date Received	Commenter/Agency	Page Section	Comment	Response
1	October 9, 2013 Email	Dev Mahadevan, Director of ETHD	Page 2 Formation	<u>First Paragraph, Second Sentence:</u> Should read “...to finance construction of Eden <b>Hospital</b> ...” (It was “Eden Hospital” until 1998 when it became “Eden Medical Center”).	Corrected
2	“	“	Page 2 Extra-Territorial Svcs	<u>First Paragraph, First Sentence:</u> Should read “ETHD owns a medical office building, the Dublin Gateway <b>Center</b> , ...” (not Dublin Gateway Medical Building).	Corrected
3	“	“	“	<u>Second Sentence:</u> Should read “The District also owns two other medical office buildings within its bounds, San Leandro <b>Medical Arts</b> Building...”	Corrected
4	“	“	Page 5 District Contact Information	<u>District Contact Information:</u> Address should be <b>20400</b> Lake Chabot Road, Suite <b>104</b> , Castro Valley, CA 94546	Corrected
5	“	“	Page 5 Board of Directors	Rajendra Ratnesar, M.D. is no longer on the board and this should read <b>Vinod Sawhney, M.D.</b> Dr. Sawhney is from Hayward, was elected in the 2012 election and his term expiration will be in November, 2016.	Corrected
6	“	“	Page 6 Management & Staffing	<u>Paragraph 5</u> Should read: “The District reports that it <b>does</b> engage in formal performance evaluations.” While the District does not monitor productivity like a hospital does (hours/patient day and acuity based staffing by shift), we monitor our productivity almost weekly by deciding whether we are able to manage the workload we have from week to week, as in an office. We probably measure productivity at least as well as a County Office in Alameda (say Public Works, that does not do any road, plumbing, gardening or other work, but keeps track of projects and answers phones). Saying we do not measure productivity suggests we can but don’t. In fact, this is not that type of activity or office.	Information added
7	“	“	Page 7	ETHD will submit annual audit for FY 2013 audited financials to LAFCo.	Noted

## Log of Comments

### Alameda LAFCo Public Review Draft Municipal Service Review – Eden Township Healthcare District (ETHD)

#	Date Received	Commenter/Agency	Page Section	Comment	Response
8	"	"	Page 8 Financing, Revenues	<u>First Paragraph</u> (Should update to 2012-2013 revenue information) Same answer available in the financial statements (see page 7 above)	Information added
9	"	"	"	<u>Second Paragraph, Second Sentence</u> Should read: "...and Dublin Gateway <b>Center</b> ..." (not Dublin Gateway Building. This is so in each case, throughout the report. The Center consists of two buildings now and two more entitled in the future).	Corrected
10	"	"	Page 9 Expenditures	(Should be updated with FY 2012-2013 information) Same as pages 7 and 8 above.	Information added
11	"	"	Page 12 Demand for Services	<u>Second Paragraph</u> Should read "...\$8.6 million..."	Corrected
12	"	"	Page 13	Total amount of grants given since inception in 1998 of Community Health Fund Grants Program should be <b>\$8,637,688</b> (total should include a \$1.5 million grant to the County of Alameda Healthcare Services Agency for St. Rose Hospital in Hayward).	Corrected
13	"	"	Page 14 Infrastructure Needs or Deficiencies	<u>Should read:</u> "...Dublin Gateway <b>Center</b> was recently..." (not Dublin Gateway Medical Building).	Corrected
14	"	"	Page 15	<u>First Paragraph –(Additional Information)</u> The District has spent more than \$3 million in attorneys' fees and court costs over the last three years keeping San Leandro Hospital open as an acute general hospital with emergency services, whereas it might have closed in March 2010 (by Sutter Health's estimates) to become a rehab hospital and an urgent care center.	Noted
15	"	"	Page 19	<u>Financial Ability of Agency to Provide Services</u> (Need to update with FY 2012-2013 information) same as pages 7, 8 and 9.	Information added
16	"	"	Page 19	<u>First Paragraph, Second Sentence</u> Should read: "...all legal fees are now paid off and ETHD is expecting its expenditures to decrease <b>and revenues to increase.</b> "	Corrected





**EDEN TOWNSHIP HEALTHCARE  
DISTRICT  
MUNICIPAL SERVICE REVIEW  
PUBLIC REVIEW DRAFT FINAL**

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*November 7/August 22, 2013*

Prepared for the  
Local Agency Formation Commission of Alameda County  
by  
Policy Consulting Associates LLC  
Baracco and Associates

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## 1. AGENCY OVERVIEW

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The Eden Township Healthcare District (ETHD) provides grant funding to health-related organizations through its Community Health Fund, oversees its endowment fund and owns three office buildings where it leases office space to various healthcare providers.

The last MSR for ETHD was completed in 2004.

### FORMATION

ETHD was established in 1948 by a vote of the residents of the Eden Township located in central Alameda County. The District was formed originally to finance construction of ~~the Eden Medical Center (EMC)~~[Eden Hospital](#), a facility that opened in 1954.<sup>1</sup>

ETHD was formed as an independent special district under the State's Local Healthcare District Act.<sup>2</sup> The principal act empowers healthcare districts to provide an array of services relating to the protection of residents' health and lives.<sup>3</sup> 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.

### BOUNDARY

The District was formed pre-LAFCo in 1948. There have been several actions taken by LAFCo including the detachment of a few parcels in the early 1970s.

Eden Township HD boundary area encompasses 130.6 square miles and includes the City of San Leandro, most of the City of Hayward, and the unincorporated areas of Castro Valley and San Lorenzo.

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### Extra-territorial Services

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ETHD owns a medical office building, the Dublin Gateway ~~Medical Building~~[Center](#), located outside of its boundaries in the City of Dublin. ETHD leases space to doctors and medical clinics. The District also owns two other medical office buildings within its bounds,

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<sup>1</sup> District website, [www.ethd.org/about/history.htm](http://www.ethd.org/about/history.htm)

<sup>2</sup> Health and Safety Code §32000-32490.9.

<sup>3</sup> Health and Safety Code §32121.

San Leandro [Medical Arts](#) Building and Eden Medical Building, which are rented out to healthcare providers who serve district residents and non-residents alike.

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### Unserved Areas

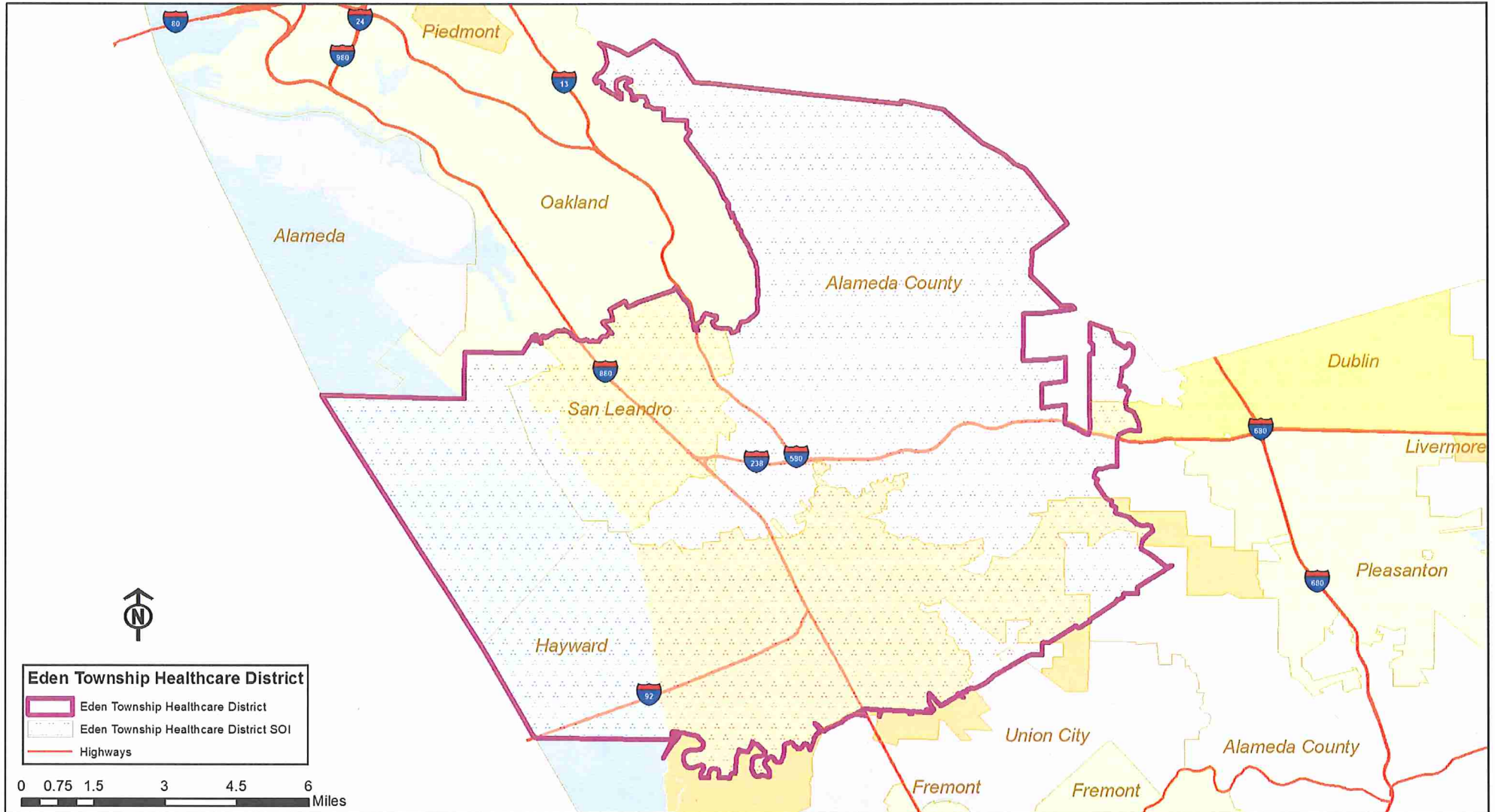
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There are no areas within ETHD's bounds where grant-funding opportunities provided by ETHD are unavailable. Office space is also available for rent to all healthcare-related organizations in the District.

### SPHERE OF INFLUENCE

ETHD's SOI was established in 1984 as coterminous with its boundaries. During the 2004 SOI updates, the Commission reaffirmed the coterminous SOI, since no reorganizations or changes in service area were proposed by the District. ETHD's bounds and SOI are shown in Figure 1-1.

**Eden Township Healthcare District Area and SOI\***  
**July 2012**



\*Agency sphere equals the service area boundary

Created for Alameda LAFCo by the Alameda County Community Development Agency



## ACCOUNTABILITY AND GOVERNANCE

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here are limited to 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, 2) a defined complaint process designed to handle all issues to resolution, and 3) transparency of the agency as indicated by cooperation with the MSR process and information disclosure.

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. Current board member names, positions, and term expiration dates are shown in Figure 1-2.

**Figure 1-2: Eden Township Healthcare District Governing Body**

Eden Township Healthcare District				
District Contact Information				
Director:	Dev Mahadevan, Chief Executive Officer			
Address:	2040 Lake Chabot Road, Suite 1A, Castro Valley, CA 94546			
Phone:	(510)538-2031			
	(510)582-4670			
Website:	<a href="http://www.ethd.org">www.ethd.org</a>			
Board of Directors				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Lester Friedman	San Leandro	November 2014	Elected	4 years
Carole Rogers, R.N.	San Leandro	November 2014	Elected	4 years
William F. West, M.D.	San Leandro	November 2014	Elected	4 year
<a href="#">Vinod Ratnesar Sawhney</a> , M.D.	Hayward	November 2016	Elected	4 years
Ronald Hull, DPM	Castro Valley	November 2016	Elected	4 years
Meetings				
Frequency:	Third Wednesday of every month at 5:30pm			
Location:	Meetings are held in the District conference room.			
Public Distribution:	Posted on the website and in newspapers.			
Press Distribution:	Available on the ETHD website.			

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All meetings are noticed in public places, published in local newspapers and posted on the District website. Minutes are available on the website. To inform constituents about District activities, press releases are used as well as interviews with reporters. In addition, ETHD posts information on its website.

Customer complaints about service can be submitted to ETHD by letter or phone to a District representative. ETHD has property managers at each of the three rental locations

and the person on site usually receives and deals with each complaint or issue as they arise. The District reported that it did not receive any complaints in 2012.

ETHD demonstrated accountability in its disclosure of information and cooperation with the LAFCo questionnaires and other requests.

## MANAGEMENT AND STAFFING

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

The mission of the Eden Township Healthcare District is to improve the health of the people in its community by investing resources in health and wellness programs that meet identified needs.

The District's day to day operations are managed by the Chief Executive Officer (CEO). One senior accountant and one administrative assistant report to the CEO. Workload is not formally tracked. The District office is open four days a week. In addition, ETHD employs contractors, such as property managers, construction managers and public relations consultants as-needed.

Employees are evaluated by the CEO annually. The CEO is evaluated by the Board of Directors, also on an annual basis.

The District reports that it engages in performance evaluation and productivity monitoring. Although, ETHD does not monitor productivity in the same manner as a district running a hospital, ETHD monitors its performance by evaluating its weekly workload. does not engage in formal performance evaluation or productivity monitoring. However, ETHD-The District reported that it informally compared its performance with other healthcare service providers in northern California that provided grantmaking services.<sup>4</sup>

ETHD's financial planning efforts include an annually adopted budget and audited financial statements. ETHD conducts capital improvement planning. The plan has a planning horizon of one to five years and is updated annually. Additionally, ETHD adopted a strategic plan on May 15, 2013, in which the District outlined its planning priorities.

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<sup>4</sup> Forty one percent of healthcare districts in California do not operate a hospital, and the vast majority of those are exclusively engaged in grantmaking.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.<sup>5</sup> In the case of ETHD, the District must submit audits annually. ETHD has submitted its audit to the County for FY 10-11 within the required 12 month period.

## GROWTH AND POPULATION PROJECTIONS

This section discusses the factors affecting service demand, such as land uses, and historical and anticipated population growth.

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### Land Use

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ETHD's boundary area is approximately 130.6 square miles. The City of San Leandro and the City of Hayward are land use authorities for their respective cities; Alameda County is the land use authority for the unincorporated areas of Castro Valley and San Lorenzo. ETHD's land uses encompass all land use designations within the cities of San Leandro and Hayward; residential, commercial and light industrial in the San Lorenzo area; and residential and open space in Castro Valley.

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### Existing Population

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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.

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### Projected Growth and Development

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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, with an average annual growth rate of 0.5 percent.<sup>6</sup> Per ABAG population projections, the rate of growth in ETHD is expected to be 22 percent, while the entire County is anticipated to grow by 27 percent.

ETHD reported that growth patterns have not been affecting service demand in the last few years. Limited growth is anticipated within the ETHD boundary area in the next several years; however, no formal projections were made by the District.

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<sup>5</sup> Government Code §26909.

<sup>6</sup> Association of Bay Area Governments, Projections 2009, August 2009.



Planned and proposed developments within the cities of Hayward and San Leandro that may impact the growth potential of ETHD are discussed in detail in the City of Hayward MSR and the City of Leandro MSR. ETHD's service area is relatively urbanized and substantially built out, though there are opportunities for infill development and redevelopment. The unincorporated Castro Valley area is mostly built out as well, and limited growth is anticipated. 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.<sup>7</sup>

## FINANCING

The financial ability of agencies to provide services is affected by available financing sources and financing constraints. This section discusses the major financing constraints faced by ETHD and identifies the revenue sources currently available to the District.

ETHD reported that current financial levels were adequate to deliver grantmaking and medical office rental services. ETHD reported that in FY 10-11, the District had reduced operating costs due to renegotiating property management at its Dublin Gateway [medical buildingCenter](#).

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### Revenues

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In FY 10-11, ETHD's revenues totaled \$4.4 million, which consisted of operating (83 percent) and non-operating (17 percent) 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.<sup>8</sup> ETHD receives—no property taxes, special taxes or benefit assessments.

[Revenues for FYs 11-12 and 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.](#)

During the 2004 MSR process, ETHD's only source of revenue was investment income. Since that time, the District has acquired rental properties. At the end of FY 10-11, three rental properties—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 [Building Center](#) (acquired in June 2007)—generated \$3.2 million. Most of the rental income is derived from the Dublin Gateway [building Center](#) (73 percent), with 24 percent coming from the San Leandro Medical Arts Building and three percent from the Eden Medical Building. The

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<sup>7</sup> Castro Valley Area and Eden Area General Plans and San Lorenzo Specific Plan.

<sup>8</sup> ETHD invests money in treasury bonds, corporate bonds and government securities. Depending on the economy, there is a positive or negative change in value of investments every year.

proportion of rental income from the Eden Medical Building is anticipated to rise substantially due to higher rents and increasing occupancy in the newly constructed building.

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## Expenditures

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Total expenditures in FY 10-11 were \$9.6 million, of which over 84 percent were operating expenditures and 16 percent were considered non-operating expenditures. The most significant operating expenses were depreciation of the medical buildings (48 percent of all operating expenses), purchased services (24 percent), and rental property operation and maintenance (15 percent). Other expenses were taxes, grants to service providers and community organizations, and amortization of loan and legal fees associated with the refinancing of the Dublin Gateway loan. Non-operating expenses consisted entirely of interest expense on the loan.

Expenditures for FYs 11-12 and 12-13 amounted to \$19.9 million and \$8.5 respectively. A single \$17 million non-operating expense in FY 11-12 was attributed to the write off of San Leandro Hospital and related recognized loss. The District's FY 11-12 operating expenses were low due to \$6 million cancellation in grants. The grants written off were \$5,000,000 for the development of Eden Medical Center's Neuroscience Center and \$1,000,000 for the Women's Health Services Department, which were not requested. Money was set aside and recorded as grants in anticipation of receiving applications; however, applications had never been received and the grants were canceled due to the expiration of the statute of limitations on government contracts.

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For FY 10-11, the Board of Directors voted to temporarily suspend grants to offset legal expenses associated with the dispute with Sutter Health over the closure of San Leandro Hospital.

On August 1, 2011 the District made a \$3 million loan to St. Rose Hospital to fund St. Rose's operating expenses. St. Rose Hospital is an independent hospital located in Hayward that has experienced significant operating losses. The promissory note from St. Rose was due, with unpaid accrued interest, within 90 days and had an interest rate of 3.25 percent plus the prime rate. Currently, the loan is partially repaid but is still outstanding. As of October 2012 the balance was \$1.150 million plus accrued interest from July 1<sup>st</sup>, 2012.

In FY 10-11, the District's investment in capital assets totaled \$94,774,617.

At the end of FY 10-11 total expenditures exceeded total revenues by over \$5 million. The operating loss was \$4.4 million. The loss was mostly attributed to money spent in litigation with Sutter Health and rental fees for temporary offices. Expenditures are expected to go down since the litigation has concluded and ETHD no longer rents office space since the construction of the Eden Medical Building has been completed.

At the end of FYs 11-12 and 12-13 total expenditures exceeded total revenues by \$15.8 million and \$3.5 million respectively. The operating gain for FY 11-12 was \$2.8 million and operating loss for FY 12-13 was \$2.3 million.



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## Liabilities and Assets

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At the end of FY 10-11, the District had an outstanding balance of \$48,202,398 on a bank loan. The original bank loan was obtained during FY 06-07 as partial financing for the purchase of the Dublin Gateway property. Since then the original loan was modified ~~four~~ six times to increase the line of credit and change the terms of repayment. The latest 2013 modification reduced the District's debt to \$44.9 million.

ETHD makes annual mortgage payments for each its three rental properties. Figure 1-3 depicts the buildings owned by the District, their purchase price, current value, total mortgage, and annual mortgage payments.

Figure 1-3: ETHD Properties

Building	San Leandro Medical Arts Building	Eden Medical Building	Dublin Gateway Building
Purchase date	July 1, 2004	September 1, 2013	June 1, 2007
Purchase/construction price	\$3,170,473	\$7,163,231	\$82,000,000
Current value	\$4,500,000	\$6,500,000	\$45,000,000
Total mortgage	\$2,806,000	\$6,896,397	\$35,214,969
Annual mortgage payment	\$109,752.12	\$209,944.68	\$1,072,814.64

In addition, as a result of the legal dispute between ETHD and Sutter Health, the arbitrator awarded damages to Sutter Health in the amount of \$17,179,860. The District's status as a public entity shields it from any attempts from a third party, including a court of law, from seizing assets or otherwise compelling divestiture to satisfy a claim. Based on legal precedent, ETHD will likely have as long as 12 years to pay off the award. The District expects to continue to pursue its strategic goals, while meeting its obligations to Sutter Health.

At the end of FY 12-13, ETHD's total unrestricted net assets amounted to \$106 million, which constituted about 1824 months of operating expenditures.

### Financing Efficiencies

ETHD does not participate in any joint financing mechanisms with other agencies.

## 2. MUNICIPAL SERVICES

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### HEALTHCARE SERVICES

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#### Service Overview

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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.

In 1998, ETHD transferred substantially all of the net operating assets and operations of the hospital to Sutter Health, a California nonprofit corporation. The 11 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. In addition, ETHD owns three rental properties that are leased out to doctors and clinics.

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## Demand for Services

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The District distributes grant funds to community organizations for activities related to the health and wellbeing of residents within the District's boundaries. ETHD identifies community needs using information and data from Alameda County and local area hospitals including Eden Medical Center.

ETHD has given grants to over 60 organizations over the last 14 years for a total of more than \$8.65 million to promote the health of the community. Figure 1-4 provides details about grants given in the last three grant cycles.



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**Figure 1-4: ETHD Grants Given 2010-2013<sup>9</sup>**

<b>1st Half 2010</b>			
<b>1st Half 2010</b>			
<b>Grant Amount</b>	<b>Name</b>	<b>Program/Project Name</b>	
\$ 5,000.00	Family Emergency Shelter Coalition	Physical and Emotional Awareness for Children Who Are Homeless Program	ogram
\$ 41,000.00	SOS Meals on Wheels	Maximizing Meals on Wheels Delivery to Homebound Seniors	
\$ 30,000.00	Tri-City Health Center	Mensajeros (Messengers) Program	ilies
\$ 10,000.00	Alzheimer's Services of the East Bay	Dementia Specific Adult Day Health Care	
\$ 40,000.00	Cal State East Bay Foundation	Community Focused, Strength Based Interventions for Children & Families Conquering Adversities	
\$ 5,000.00	Eden Medical Center Foundation	Women's Breast Health Demonstration Project	en
\$ 75,000.00	Alameda County WIC Program	Eden Township Area - Healthy Babies for Life	
\$ 30,000.00	Emergency Shelter Program	Community Health Outreach and Shelter Services for Women & Children	ng
\$ 30,000.00	Cornerstone, dba Bldg. Futures With Women & Children	Healthcare & Housing for Eden Area Women & Children	
\$ 500,000.00	Davis Street Family Resource Center	Campaign to Purchase the Davis Street Family Resource Center Building	
\$ 766,000.00	SUBTOTAL		
<b>2nd Half 2010</b>			
<b>Grant Amount</b>	<b>Name</b>	<b>Program/Project Name</b>	
\$ 1,000.00	CVHS PTSA Sober Grad Cruise 2010	Sober Grad Cruise 2010	
\$ 20,000.00	Magnolia Women's Recovery Program, Inc.	Magnolia Therapeutic Child Care & Clinical Services	
\$ 2,500.00	Mammography Screening of Alameda, Inc.	Take Charge with Bodyworks	
\$ 25,000.00	La Familia Counseling Service	La Familia Family Resource Center, Family Awareness Advocates	
\$ 3,000.00	East Bay Innovations	Oral Health Access Project	-1
\$ 25,000.00	San Leandro Unified School District	The Toolbox Intervention Project	
\$ 15,000.00	Eden I & R, Inc.	24-Hour Health & Social Service Telephone Line, Alameda County 2-1-1	ntal Health
\$ 13,000.00	Mercy Brown Bag Program, Inc.	Mercy Brown Bag Program/Hayward Senior Center Site	
\$ 10,000.00	East Bay Agency For Children	Child Assault Prevention Training Center: Eden Area Prevention & Mental Health Project	
\$ 15,000.00	CALICO Center	Family Support Services for Abused Children	
\$ 20,000.00	Greater H.A.R.D. Ashland Community Center	Ashland Community Center	
\$ 15,000.00	Girls Incorporated of Alameda County	Bodies in Motion Program	
\$ 20,000.00	La Clinica de La Raza, Inc.	Promoting Health & Wellness for San Lorenzo Youth	
\$ 25,000.00	Spectrum Community Services, Inc.	Preventing Falls Among Seniors in Eden Area	
\$ 25,000.00	Alameda County Deputy Sheriff's Activities League, Inc.	Youth Leadership & Urban Farming Project	
\$ 234,500.00	SUBTOTAL		
<b>Year 2012</b>			
<b>Grant Amount</b>	<b>Name</b>	<b>Program/Project Name</b>	
\$25,000.00	Davis Street Family Resource Center	Davis Street Family Resource Center Eden Wellness Clinic	
\$25,000.00	La Clinica de La Raza, Inc.	San Lorenzo High Health Center: Promoting Healthy Choices Program	
\$25,000.00	Tiburcio Vazquez Health Center, Inc.	TVHC Promotores Eligibility and Enrollment Specialists	
\$5,000.00	Eden I & R, Inc.	2-1-1 Alameda County Health, Housing and Social Service Phone Line	
\$5,000.00	Mercy Brown Bag Program	Mercy Brown Bag Program at Hayward Senior Center Site	
\$5,000.00	Cornerstone, dba Building Future with Women & Children	Shelter and Health Services for Eden Women and Children	
\$5,000.00	Spectrum Community Services	Increasing Capacity to Prevent Falls in At-Risk Eden Seniors	
\$5,000.00	Tri City Health Center	Mensajeros (Messengers) Program	
\$1,500,000.00	County of Alameda Healthcare Services Agency	St. Rose Hospital in Hayward	
\$ 1,600,000.00	SUBTOTAL		
\$ 2,600,500.00	TOTAL GRANTS GIVEN FOR 2010 THROUGH 2013		
\$8,367,688.00	TOTAL AMOUNT OF GRANTS GIVEN SINCE INCEPTION IN 1998 OF COMMUNITY HEALTH FUND GRANTS PROGRAM		

<sup>9</sup> The grant program was temporarily suspended in 2011, due to unexpected legal expenses that the District incurred in pursuing the lawsuit to keep San Leandro Hospital open.



Occupancy rates in the rental properties are: Dublin Gateway [BuildingCenter](#)—75 percent, San Leandro Medical Arts Center—88 percent, and Eden Medical Building—40 percent. Having opened recently, Eden Medical Building's occupancy rate is expected to increase in the next few months.

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## Infrastructure and Facilities

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The District has three rental properties. The San Leandro Medical Arts Building continues to be occupied by long-term tenants. In FY 09-10 the building was reclassified by Building Owners and Managers Association (BOMA) from a "B" class building to a "C" due to some needed improvements.<sup>10</sup> Rents were reduced accordingly. As of the end of FY 10-11 most of the capital expenditures to improve the building's heating, air conditioning and plumbing systems have been completed. ETHD increased rents as a result.

The temporary building at Lake Chabot Road was recently replaced by the new permanent Eden Medical Building. Eden Medical Building also houses the District's administrative offices.

Much of the Dublin Gateway [Building Center](#) was vacant though ETHD has negotiated a lease for most of the first floor, which will increase the revenue by approximately \$700,000 per year, and another new tenant has signed a lease which will add another \$100,000 in revenues.

The three properties are managed by professional commercial property managers.

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## Infrastructure Needs or Deficiencies

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Most of the major construction in Eden Medical Building and Dublin Gateway [Medical BuildingCenter](#) was recently completed and, as reported by ETHD, there are no current major capital improvement needs. Some of the minor needs include tenant improvements in Eden Medical Building and Dublin Gateway [Medical BuildingCenter](#), to be paid for by the District.

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<sup>10</sup> According to BOMA, Class A office buildings have the "most prestigious buildings competing for premier office users with rents above average for the area." BOMA states that Class A facilities have "high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence." BOMA describes Class B office buildings as those that compete "for a wide range of users with rents in the average range for the area." BOMA states that Class B buildings have "adequate systems" and finishes that "are fair to good for the area," but that the buildings do not compete with Class A buildings for the same prices. According to BOMA Class C buildings are aimed towards "tenants requiring functional space at rents below the average for the area."

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## Shared Facilities and Regional Collaboration

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ETHD shares its resources through grant funding with many community healthcare organizations and hospitals.

ETHD collaborated with other entities, including Alameda County and Washington Township Healthcare District, to try to keep the St. Rose Hospital from closing.

No opportunities for shared facilities were identified. The District will continue to partner with a number of organizations that address regional needs and issues by providing direct funding to them.

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## Service Adequacy

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This section reviews indicators of service adequacy, including rental properties vacancy rates, percentage of funded projects fully delivered, and effective grant management.<sup>11</sup>

With occupancy rates of 88, 75 and 40 percent, as previously mentioned in the Demand for Services section, the three rental properties appear to have enough capacity to satisfy demand for medical office leases in the area. 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.

ETHD reported that of those projects that the District funded through grants, 100 percent of the projects were completed to the satisfaction of ETHD, based upon the District's assessment of each funded project. This high project completion rate is indicative of adequate grant management practices on the part of ETHD, including:

- 1) internal control systems,
- 2) pre-grant review,
- 3) pre-award process,
- 4) performance management, and
- 5) result assessment and utilization.

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<sup>11</sup> Refer to Appendix A.

### 3. GOVERNANCE STRUCTURE OPTIONS

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~~Three-Four~~ government structure options, ~~in addition to maintaining the status quo~~, were identified, and are discussed in this section.

The first option is to maintain status quo, in which case ETHD will continue its independent existence, maintain current boundaries and work on fulfilling its strategic goals outlined in the Strategic Plan.

The option of District dissolution was presented as part of the last MSR. Dissolution would involve LAFCo designating a successor agency to take over and operate or wind up the District's assets—grant endowment fund and rental properties.

The District no longer directly operates a hospital nor does it have any control over EMC through the Board of Directors. However, ETHD still plays indirect roles in healthcare.

- ❖ **Grantmaking:** ETHD distributes grant funds to community organizations for health care related activities that benefit District residents, including school nurses, health clinics, mental health services, meals on wheels, and other programs.
- ❖ **Rental Properties:** ETHD owns three rental properties—Dublin Gateway [BuildingCenter](#), Eden Medical Building and San Leandro Medical Arts Building, that are leased to doctors and other healthcare providers.

In addition, there is a potential for ETHD to start providing direct services again by buying a hospital or a clinic. ETHD reported that it stood ready to provide needed services directly, if such a need was not already being served well within the District.

A potential advantage to dissolution may also be reduction in direct operating costs and savings related to board stipends and costs of elections.

Because ETHD still supports the provision of healthcare services to its community members dissolution of the agency may not be warranted. Forty one percent of healthcare districts in California do not operate a hospital.<sup>12</sup> Many of them provide grant funding exclusively. Additionally, ETHD states that it would be available to resume providing direct

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<sup>12</sup> Legislative Analyst's Office, *Overview of Healthcare Districts*, 2012, p. 3.

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services if an opportunity presents itself. In light of these factors, it seems premature to initiate District dissolution.

The consolidation of Washington and Eden Township Healthcare Districts was also brought up in the last MSR. These healthcare districts have contiguous boundaries and share some market area in the City of Hayward. Although this option may be possible in the future, neither of the districts is currently interested in or considering consolidation. In addition, the two districts provide different services and integration may not be advantageous to constituents of either district.

Finally, because ETHD owns the Dublin Gateway [Building Center](#) in Dublin, one additional governance option is to include the City of Dublin in the District's boundary. Healthcare providers in Dublin benefit from the availability of rental clinic space, and Dublin residents benefit from having access to healthcare providers in the Dublin Gateway [Building Center](#). If the Commission believes that the District should annex the City of Dublin, LAFCo may consider adopting a policy encouraging ETHD to annex the City of Dublin.



## 4. MSR DETERMINATIONS

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### Growth and Population Projections

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- ❖ 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.
- ❖ 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.
- ❖ 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.

### Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

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- ❖ Based on Census Designated Places, Alameda LAFCo determines that there are no disadvantaged unincorporated communities that meet the basic state-mandated criteria. 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.

### Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

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- ❖ With occupancy rates of 88, 75 and 40 percent in the three ETHD's 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.



- ❖ 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.
- ❖ 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.
- ❖ Infrastructure needs include minor tenant improvements in Eden Medical Building and Dublin Gateway [Medical BuildingCenter](#).

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### Financial Ability of Agency to Provide Services

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- ❖ 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](#).
- ❖ ETHD does not receive any property tax, special tax, or benefit assessment income. Its main source of revenues is rental income from rental properties.
- ❖ 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 12-13, ETHD's total unrestricted net assets amounted to \\$10 million, which constituted about 18 months of operating expenditures. 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.
- ❖ [Current District's long-term debt amounts to \\$35 million. In addition, ETHD owes Sutter Health \\$17 million in damages, which are expected to be paid off over the course of 12 years.](#)

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### Status and Opportunities for Shared Facilities

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- ❖ ETHD shares its resources through grant funding with various community and healthcare organizations and hospitals.
- ❖ ETHD collaborated with other healthcare providers to try to keep St. Rose Hospital from closing.
- ❖ No future opportunities for shared facilities were identified.

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### Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

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- ❖ 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.
- ❖ 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.
- ❖ ETHD demonstrated accountability in its cooperation with LAFCo's information requests.

## ***5. SPHERE OF INFLUENCE UPDATE***

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### **Existing Sphere of Influence Boundary**

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ETHD's existing SOI is coterminous with its boundary and includes the City of San Leandro, most of the City of Hayward, and some of the unincorporated areas of Castro Valley and San Lorenzo.

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### **SOI Options**

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Three options were identified with respect to ETHD's SOI.

**Option #1** – Include City of Dublin into ETHD SOI

ETHD has rental medical properties in the City of Dublin and already provides services there. Should the Commission want to reflect the District's current service area, inclusion of the City of Dublin into the SOI is appropriate.

**Option #2** – Maintain coterminous SOI

Should the Commission wish to continue to reflect the existing District boundary, then a coterminous SOI would be appropriate.

**Option #3** – Adopt Zero SOI

If the Commission believes that the agency should be dissolved or consolidated because it does not provide direct healthcare services, adopting a zero SOI is appropriate.

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### **Recommended Sphere of Influence Boundary**

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While the District no longer owns and operates a hospital, ETHD continues to impact the health status of its residents. It provides grant funding to healthcare organizations that serve District residents. Additionally, the District now leases office space to doctors and clinics that service District residents. The ETHD also indicates that it would be willing to provide direct services again in the future; for example, it would consider purchasing and operating a hospital or clinic. Considering these factors, it is premature to dissolve ETHD.

Retaining a coterminous sphere of influence may not be recommended due to changes in the service area since the last MSR. Since ETHD currently provides services in the City of Dublin and benefits city residents, it is recommended that the Commission consider Option 1 to expand the ETHD SOI to include the City of Dublin.

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## Proposed Sphere of Influence Determinations

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### Nature, location, extent, functions, and classes of services provided

- ❖ Eden Township Healthcare District (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 [Medical BuildingCenter](#).

### Present and planned land uses, 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.

### Present and probable need for public facilities and services

- ❖ 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.

### 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.

Existence of any social or economic communities of interest

- ❖ 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.

## **APPENDIX A**

### ***BEST MANAGEMENT PRACTICES FOR GRANT GIVERS***

#### **Internal Control Systems**

1. Prepare department-wide policies and make available on the internet:  
Having regulations and internal operating procedures in place prior to awarding grants enables agencies to set clear expectations. Policies serve as guidelines for ensuring that new grant programs include provisions for holding awarding organizations and grantees accountable for properly using funds and achieving agreed-upon results. Although different programs may need different procedures, general policies should be established that all programs must follow.  
Both large and small agencies and foundations have found that establishing department-wide policies and procedures on an internet site is beneficial.  
The website also provides applicants with one location for finding detailed information about funding opportunities, applications, forms, submission dates, awarded grants, and grant policies.
2. Providing grant management training to staff and grantees:  
Agencies are responsible for ensuring that staff is properly trained to fulfill grant requirements. It is essential that grantees also receive training, particularly small entities not familiar with all of the regulations and policies.
3. Working with grantees to develop performance measures:  
It is imperative that grantors and grantees determine how best to measure performance to meet all parties' needs. If there are no common measures, each grantee may establish its own individual program goals and measures. By working with grantees, the agency can encourage the creation and maintenance of a learning environment.

#### **Pre-Grant Review**

1. Assess the managerial competence and fiscal accountability of the prospective grantee:
  - ❖ Are the grantee institution and project director(s) capable of carrying out the work described in the proposal?
  - ❖ Are systems in place to ensure that grant funds will be managed within the terms and conditions of the grant agreement?
  - ❖ Is the organization functioning without the threat of liquidation in the foreseeable future with an established governance structure and good management systems, financial systems and staff? Organizations that are not well established may be seen as too risky. Alternatively, agencies may provide grants to these organizations with the explicit goal of assisting them to become established.
  - ❖ Is there evidence of mismanagement or fraud and abuse in the organization's recent history?
  - ❖ Is the organization's legal status current?
2. Review the proposal and budget for internal consistency and for compliance with agency's policies:
  - ❖ Is the proposed budget appropriate and sufficient for carrying out the project?
  - ❖ Does the plan need to be adjusted to reflect effort or materials necessary to carry out tasks?

- ❖ Is sufficient justification provided for the budget line items, and does it support the work plan laid out in the proposal?
  - ❖ Are cost assumptions in accordance with the agency's policies?
  - ❖ Does the budget include overhead/indirect cost? If so, could the organization find another source for this cost?
3. Encourage outside reviews of the proposed activity:
- ❖ When appropriate, obtain reviews of the proposed activity by outside experts or other donors in the field. These reviews can evaluate the rationale for the request, the appropriateness of the approach, the soundness of the methodology, the suitability of the budget or of the proposed grant recipient, and project leadership.
  - ❖ Has the grantee organization or project director substantially been in compliance with the requirements and conditions of its previous or currently active grants? Or are there indicators for concern, such as consistently and unreasonably late or inaccurate narrative reports; extremely late, questionable or inaccurate financial reports; or a failure to obtain approvals required by the existing grant agreements?

#### **Pre-award Process**

1. Preparing work plans to provide framework for grant accountability:  
The work plan serves as a written record of what the grantee will do with funds. Through the work plan, the awarding agency and grantee ensure a clear understanding of the intended purpose and results for the grant funds. Agencies need to take specific actions to obtain information from applicants and evaluate the information when preparing the grant award.
2. Including clear terms and conditions in grant award documents:  
The terms, conditions, and provisions in the award agreement, if well designed, can render all parties more accountable for the award. When award documents are not well written, they can impact an agency's ability to ensure funds are used as intended.

#### **Managing performance**

1. Monitoring the financial status of grants:  
The timely receipt of financial records and reports from grantees is necessary for agencies to effectively monitor the financial status of grants. Ineffective grant monitoring increases the risk of improper payments and untimely grant expenditures. It may also result in the misuse or waste of funds. One way agencies have addressed this issue is by developing systems that make information on the financial status of grants readily available to staff. Also, agencies have addressed the issue through on-site reviews.
2. Ensuring results through performance monitoring:  
Monitoring grantee performance helps ensure that grant goals are reached and required deliverables completed. In addition, monitoring performance can address potential problems early in the grant period and keep grantees on course toward goals. A grants management system and site visits allow agencies to effectively monitor grants by providing timely and accessible information on grant performance and deliverables. Given the limited resources and the number of grants awarded, it is important that agencies identify, prioritize, and manage potential at-risk recipients. Some agencies monitor grants through telephone monitoring or regular status reports and end-of-the-project reports.
3. Using audits to provide valuable information about grantees:

Agencies can use internal and external audits of grantees to identify problems with grantee financial management and program operations. Awareness of problems allows grant officials to implement additional controls to effectively monitor a grantee's use of funds and activities.

4. Monitoring sub-recipients:  
Grantees may further distribute funds to other organizations, known as sub-recipients. Sub-recipients, many of which are small organizations, often lack experience and training in grants management. It is important that recipients identify, prioritize, and manage potential at-risk sub-recipients to ensure that grant goals are reached and resources properly used.

#### **Assessing and Using results**

1. Providing evidence of program success:  
Measuring the results of a program can provide evidence of its successful performance against goals and objectives. Program results information is important for making budgetary and programmatic decisions. Program managers can use program results information to defend their programs against budgetary challenges and make decisions on resource allocation. One challenge in obtaining information on results is that results can take time to develop and cannot be measured during a grant's life. A second challenge is that agencies may not have direct access to information on program results, and will need to obtain that information through grantees that may lack data collection skills.
2. Identifying ways to improve program performance:  
Evaluation results can reveal approaches that help to achieve program goals and objectives, as well as illustrate ineffective approaches. Also, evaluations can help clarify which effects are attributable to a program, identify reasons for success or failure, and recommend changes that can help a program achieve its goals and objectives.



**Eden Township Healthcare District**  
(Formally adopted by Board: May 15, 2013)  
**The Next Five Years**

**Eden Township Healthcare District (ETHD or District): A Description**

The District is a public entity, a healthcare special district, organized under California law, the health and safety code, and was established in 1948.

The District extends from the southern border of Oakland, California, to the Northern borders of Union City; from the Western border of Dublin to the Bay. There are about 340,000 residents in the District. The population is diverse with several pockets of underserved in unincorporated areas and in South Hayward.

**The Planning Process**

The District undertook the planning at this time for two reasons. First, a review of the mission and strategies for implementing that mission, is undertaken by the District periodically (the last review was in 2009). Secondly, with the transfer of title to San Leandro Hospital to Sutter Health, the District decided it seemed appropriate to review its resources and goals since so much of both were expended on the effort to keep that hospital open during the last three years.

As background for the planning work, a history and the current situation of the District are attached as **Attachments A and B**. A financial analysis of the District's finances and some projections for the near future are attached as **Attachment C**.

1. The District explored the likelihood of success of a District resident parcel tax ballot measure as a possible way to help fund healthcare needs, like emergency services, which the Alameda County Health Care Services Agency deems to be threatened with potential closure of San Leandro Hospital and St. Rose Hospital. The District engaged a research firm True North along with Tramutola Advisors, to determine resident support for the parcel tax. The results of this survey were both positive and negative. The positive aspect was the willingness of the residents to pay parcel taxes for medical care and services. The negative was that a substantial portion of the residents of the District did not know about the District or its purpose. A brief summary of the Tramutola/True North research is attached as **Attachment D**.

2. The Alameda County Local Agency Formation Commission's (LAFCo) engaged in a review of local agencies including the ETHD, which gave further impetus to the District's intent to update its mission, goals and strategy.

3. The Community Health Advisory Committee, appointed by the ETHD Board to evaluate programs and make recommendations to the Board, reviewed the current situation of the District and healthcare in Alameda County and established that there is a purpose for the District to continue to exist and work to improve the health of the community. The membership of the committee is attached as **Attachment E**.

4. The Board met in a special planning session on March 13, 2013. With public input, the Board developed priorities after review.

## **Overview and History of Eden Township Healthcare District**

The purpose of the District in 1948 was to develop a hospital for the area, during a time when hospital beds were in short supply. The District spent a number of years planning and getting support in the community to pass a tax measure which would help to fund a new hospital.

Six years later, with the help from property tax levies and the Federal Hill-Burton Act funds, Eden Hospital was built and opened to the public in October of 1954. The original hospital opened with 100 beds and expanded as the demand built up to 250 beds. There were expansions of facilities in the sixties and in the early seventies, culminating with a major expansion of the outpatient and diagnostic facilities in 1975 and 1976. The District stopped collecting property taxes in 1977. The District's philosophy was to levy taxes for capital expenditures (building projects) only and to operate the hospital with revenues and surpluses from operations.

In 1986, the District purchased Laurel Grove Hospital from Republic Health system, which owned the hospital and slowly converted the hospital into inpatient rehabilitation and outpatient services. The total licensed capacity increased to nearly 300 beds.

In 1987, Eden Medical Center was designated one of two trauma centers in Alameda County, along with Children's Hospital in Oakland as the pediatric trauma center in the new County Trauma System.

In the mid-80s the District also developed a home-care agency and bought a medical supply company and entered into a lease arrangement, along with a partner, to operate a senior housing community, Landmark Villa, in Hayward.

The District was also offering a number of services to seniors under a Geriatric Services umbrella.

The District owned and operated Eden Hospital until 1998, when it sold the assets to an affiliate of Sutter Health, Eden Medical Center.

Since 1998, the District has invested its capital in real estate and permitted investments under California law governing investment of public funds and dedicated a portion of the income to funding needed healthcare services in the community.

### **Mission:**

It is the mission of Eden Township Healthcare District to improve the health of the people in our community by investing resources in health and wellness programs that meet identified goals. *(The mission of the District was reaffirmed by the Board of Directors on March 13, 2013.)*

## Strategic Plan Priorities

The District will carry its mission forward by:

- Providing educational programs to promote health among adults and children in collaboration with schools, libraries, and health centers.
- Providing funding through the Community Health Fund for the underserved population of the District.
- Providing services directly, such as urgent care or outpatient psychiatric services which are needed in the community.
- Continuing to maintain investment properties that serve a medical or health purpose or provide revenue that may support such a purpose.
- Strategically managing and divesting itself of properties that may better promote the District's other strategies.
- Increasing awareness of the District's purpose and value to the residents of the District as evidenced by substantial increase in the number of people of the District who understand its purpose and its services to the community.
- Remaining financially sound and manage its operations towards this goal.

### Actions to be taken to implement the strategy:

1. Evaluate potential programs to meet community needs that are not being met. Involve the community in determining what service needs are not being met (urgent care to relieve waits in emergency departments, mental health services, children's services are examples). A few examples of actions steps are:

- Develop focus groups to evaluate community needs (staff)
- Hold meetings and invite the community to provide input (Community Health Advisory Committee)
- Continue to commit resources to some needed local hospitals like St. Rose Hospital and will devote all available cash resources for three years to support San Leandro Hospital (offer to ACMC) (Board of Directors)
- Develop a business plan that shows that the District can meet these needs effectively and efficiently (staff)

2. Monitor the market to determine whether to hold or divest itself of real estate assets. For example, Dublin Gateway Center was purchased for strategic reasons to use in the deal to build a replacement facility for Eden Medical Center. Now that this particular objective no longer exists, determine whether the District should continue to hold the asset and incorporate Dublin in our health planning or divest ourselves of this asset at the appropriate time.

3. Increase the visibility of the District by regularly communicating the District's activities and results to the community through the website, direct communication using

newsletters and other media and by being more visible through board and staff at community events to tell the District's story.

- Determine what the community interests are and provide them with this information
- Develop a coherent message about the District's purpose and activities as part of such communication



## Attachment A

### BRIEF HISTORY OF EDEN TOWNSHIP HEALTHCARE DISTRICT (ETHD) 1948-2013

1948	<p>California State legislation (Local Hospital District law) allows the establishment of local districts to levy property taxes for building hospitals.</p> <p>Eden Township Hospital District (Castro Valley, Hayward, San Leandro, San Lorenzo and Fairview) is established to build what is now known as Eden Medical Center.</p>
1954	<p>Eden Hospital opens on November 15.</p>
1954 - 1998	<p>Eden Hospital is owned and operated by the ETHD and is governed by the five-member elected Board of Directors.</p>
1976	<p>The District Board votes to discontinue the collection of property taxes to fund the hospital expansion project.</p>
1986	<p>ETHD acquires Laurel Grove Hospital, which is remodeled and is converted from an acute care to an acute rehabilitation hospital, operated and accredited as part of Eden Hospital.</p>
1990	<p>Baywood Court is opened as a District sponsored organization, with three levels of residents (independent living, assisted living, and skilled nursing). Baywood Skilled Nursing Facility, part of Baywood Court, is operated and accredited as part of Eden Medical Center until 2005.</p> <p>To reflect this broadening of services, ETHD changes its name from Eden Township Hospital District to Eden Township Healthcare District. ETHC changes the name Eden Hospital first to Eden Hospital Medical Center and later to Eden Medical Center.</p>
1996-1998	<p>ETHD engages in a search for a partner in healthcare, a partner which will share Eden's mission and retain its community focus. The ETHD Board of Directors and administrative staff study potential affiliation with Catholic Healthcare West, Columbia Healthcare, and Sutter Health. Sutter Health is the choice, and by passing "Measure A" in 1997, the public affirms this decision.</p>
1998	<p>In January Eden Medical Center becomes a private, not-for-profit medical center affiliated with Sutter Health. As part of the agreement, Sutter Health establishes an endowment fund to address health needs specific to the District's communities (see later section on the Fund).</p>
1998 - 2010	<p>Eden Medical Center is governed by a unique Board of Directors—the five publicly elected board members, five community members appointed by Sutter Health, and the CEO of Eden Medical Center. By-laws are structured to require majorities of both "halves" on key strategic and financial issues.</p>
2004	<p>ETHD acquires San Leandro Hospital from Triad Partners and leases the hospital to Sutter Health in exchange for Sutter's agreement to replace Eden Medical Center with a new hospital.</p>
2008	<p>ETHD enters into an agreement with Sutter Health in which Sutter Health builds a replacement hospital for \$300 million. Major components of this agreement are (1) ETHD will give up its governance and board seats on the community board, effective in January 2010 and (2) Sutter Health has the option to purchase San Leandro Hospital.</p>
2010	<p>As of January 10, 2010, Eden Medical Center is governed solely by Sutter Health, and ETHD and its elected board are no longer involved.</p>

## Attachment A

### 2009-2012: Key events in ETHD-Sutter Health conflict

- |      |                                                                                                                                                                                            |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2009 | <u>Sutter sues the District</u> in Alameda County Superior Court to enforce the right to purchase San Leandro Hospital from ETHD, plus \$5 million in damages.                             |
| 2010 | In March, ETHD files a countersuit against Sutter Health, challenging the validity of the 2008 agreement because three Sutter Health board members had conflicts of interest at that time. |
| 2010 | In December, Sutter's position is upheld by Alameda County Superior Court.                                                                                                                 |
| 2011 | Eden appeals this decision in Superior Appeals Court; Sutter position's is upheld.                                                                                                         |
| 2012 | California Supreme Court refuses to hear the case.                                                                                                                                         |
| 2013 | The dispute over legal costs and damages in the Sutter Health-ETHD conflict are resolved in July, 2013. \$17 million in damages awarded to Sutter Health.                                  |

2012 In September 2012 San Leandro Hospital's ownership and title are transferred to Sutter Health.

### NON-HOSPITAL WORK OF EDEN TOWNSHIP HEALTHCARE DISTRICT

- 1980-1990s ETHD forms two subsidiary corporations, to allow expansion for non-hospital services to the community.
- Eden Hospital Healthcare Services Corporation (EHHSC), a non-profit organization, operates Eden Home Care Services for several years, and builds (1990) and operates Baywood Court Retirement Community. As the only entity of the corporation in the 2000s, EHHSC changes its name to Baywood Court.
  - Eden Hospital Development Corporation, a for-profit organization, operates Eden Medical Supply, a durable medical equipment business, into the 1990s. Eden Hospital Development Corporation also operates the retirement community Landmark Villa in public-private partnership into the 1990s.

#### Community Health Fund

- 1998 In the initial agreement with Sutter Health, approximately \$56 million is paid ETHD. This money is divided into two "pots"—the General Fund and the Community Fund--and invested to preserve and increase principal. By ETHD policy and by-laws, the Community Fund is established as a permanent endowment fund, the earnings directed toward the benefit the health and wellness needs of District residents.
- 1998-1999 ETHD board members, key administrative staff, and representatives from the medical staff, Foundation, and Medical Center board engage in joint planning for the new Community Health Fund of the District and the community benefit work of the Medical Center.
- 1999-2000 The first grant cycle of the Community Health Fund is implemented.
- 2000-2010 Two cycles of funding occur each year until 2010. The award amount available depends on the earnings of the endowed Community Fund. Grants are due March 31 and September 30, and awards are made on July 1 and January 1, respectively.
- 2001 – 2010 The ETHD Board annually engages in interactive presentations regarding the community benefit work of EMC and the aligned work of the District.) Special agenda items, meetings or retreats related to community health (and fund) are held in 2002, 2005, 2007, 2009, and 2011.

## Attachment A

- 2009 The ETHD Board approves combining the "Building" and "Community" fund into one fund for investment purposes. 60% of earnings are allocated for community health work.
- 2010 Because of the work, time and costs of the litigation with Sutter Health related to San Leandro Hospital, the Community Health Fund grant cycles are temporary suspended, effective in 2011.
- 2010-2011 Separate from the grant cycles, ETHD makes two focused grant awards to Davis Street Family Resource Center (\$500,000 toward its building purchase) and St. Rose Hospital (\$1.5 million toward operating expenses.) ETHD also loans St. Rose Hospital \$3 million dollars toward operations (of which \$1.85 million has been repaid by 2013).
- 2011-2012 The District forms a Community Advisory Subcommittee made up of two ETHD Board members and community volunteers. Over several meetings, in addition to learning about the District's communities, the group addresses some areas of focus for the community health work, e.g. chronic disease prevention education, primary care clinics in areas with poor access to care, and reports their findings and recommendations to the ETHD Board.
- 2012 ETHD holds one grant cycle, awarding an approximate total of \$100,000 to two community clinics. The Community Advisory subcommittee assists in the review of the applications.
- Three attachments to this timeline show (1) the mission and vision of the Community Health Fund at the outset; (2) the grant award amounts from 1999-2012; and (3) the specific agencies funded.

### Real Estate

- 2004 As part of the agreement to purchase San Leandro Hospital, ETHD acquires a medical office building in San Leandro (in March 2013, owned and 90% leased)
- 2004 ETHC purchases the DeLucchi property on Lake Chabot Road.
- 2007 ETHD purchases Dublin Gateway property and begins building out and renting the property as a Medical Office complex. (Currently, 2013, owned and partially leased)
- 2010-2012 On the property purchased in 2004, ETHD builds and leases the Eden Medical Building on Lake Chabot Road. (Currently, 2013, owned and partially leased)

## Attachment B

Eden Township Healthcare District  
Board of Directors  
Planning Session  
March 13, 2013

### Current Situation

- The District is under scrutiny by both the members of the public and elected officials and regulators.
  - We need to have a convincing story to tell
  - Only 20% of our District members know who we are (80% of this minority group thinks favorably of us)
  - If 80% don't know we exist or who we are, they will not be likely to support us or our existence, if there is a choice(What is our case for being more efficient and effective than another alternative? What do we tell our neighbors to convince them?)
- Alameda County Local Agency Formation Commission is doing its periodic review of special districts
  - Eden Township Healthcare District is one of many special districts being reviewed (limited review)(LAFCo reviews and recommends a scope, the same, increase or decrease, then a process may begin)
- Alameda County officials and elected officials do not view the District favorably, given the lawsuit with Sutter
  - Several think we wasted money on a lawsuit
- The State legislature is periodically looking at the legitimacy of community-based healthcare districts (no hospital)
- The District's financial resources are at minimal operational levels and need to be replenished
  - The good news is that the future looks good, if we can survive and hold on to our assets
- The legal dispute on legal fees and damages with Sutter Health is still pending
- The District may still have an opportunity to work with St. Rose Hospital
- Sutter Health controls San Leandro Hospital but the District may have a future role
- Grantees may see us as a good alternative but weakened and not sustainable

## Attachment C

Eden Township Healthcare District  
Financial Projections for Planning Meeting of the Board of Directors  
Wednesday, March 13, 2013

The attached projections are intended to help the Board make strategic planning decisions about the future of the District. The attached financial statement as projected can help answer such questions as:

- Can the District run a hospital standing on its own like St. Rose Hospital (which will require a subsidy of \$10 to \$15 million per year)?
- Can the District support a hospital like San Leandro Hospital, operated by Alameda County Medical Center, for multiple years with a subsidy?
- Can the District operate services which will give it legitimacy to exist and continue to operate such as a clinic or other health care services which promote health like education and rehabilitation?

The question of whether the District SHOULD do any of the above examples will be separately considered at the meeting. The attached financials are intended to provide supporting information for that decision.

For example, if the District's cash flow can only provide \$1 million per year in subsidy, wanting to provide support of \$5 million per year may be desirable but not practical.

The Balance Sheet and Fixed Asset schedule are intended to show what funds can be provided if the District decided to sell assets and use the funds to provide cash.

There are two external issues to consider in this discussion:

- First, the note holder, US Bank, unless it is paid off, will have a significant say in any decision to sell assets which secure their loan (\$45 million).
- Second, the legal dispute with Sutter Health has not been resolved and some uncertainty persists.



## Attachment C

### Eden Township Healthcare District Current and Projected Balance Sheets

	31-Jan-13	Feb 28 ,2013	Projected 30-Jun-13	Projected 30-Jun-14
(All numbers in 000's)				
Current Assets	\$ 6,694	\$ 3,500	\$ 3,750	\$ 4,500
Investments	\$ 11,264	\$ 11,100	\$ 11,100	\$ 11,000
Fixed Assets	\$ 82,765	\$ 82,700	\$ 82,700	\$ 82,700
Total Assets	\$ 100,723	\$ 97,300	\$ 97,550	\$ 98,200
Current Liabilities	\$ 826	\$ 800	\$ 750	\$ 750
Line of Credit	\$ 1,130	\$ 1,100	\$ 1,000	\$ -
Loan Payable US Bank	\$ 48,152	\$ 45,200	\$ 45,200	\$ 45,150
Fund Bal/Net Assets	\$ 50,615	\$ 50,200	\$ 50,600	\$ 52,300
Total Liab. & Net Assts	\$ 100,723	\$ 97,300	\$ 97,550	\$ 98,200

#### Current Value of Fixed Assets (per Nov 2012 Appraisal and Fair Market Value)

	(Book Value)	Assessed Value	Fair Market Value	FMV
San Leandro Med Arts Bld	\$ 2,490	\$ 5,500	\$ 5,500	\$ 5,500
Eden Medical Building	\$ 9,501	\$ 6,500	\$ 6,500	\$ 8,520
Dublin Gateway Center	\$ 70,774	\$ 44,700	\$ 51,500	\$ 60,000
Total Assets	\$ 82,765	\$ 56,700	\$ 63,500	\$ 74,020

Notes: (Other than actual values, these projections are estimates for planning purposes only)

1. January and February 2013 values are actual numbers while year end 2013 and 2014 are projected.
2. February books are not final but numbers reflect the new loan balances as of February 1, 2013.
3. The line of Credit with Fiduciary Trust International (FTI) is expected to be repaid before June 30, 2014
4. The loan payable to US Bank is an interest only loan, so the balance remains the same.
5. The Medical Office Buildings are shown below the balance sheet at appraised and projected values
6. Legal expenses for FYE June 30, 2013 are estimated to be \$250,000 and 2014 is estimated to be the same.
7. Any cost or award (\$2 million to \$20 million) Sutter Health's damages claim, is not accounted for.

## Attachment C

### Eden Township Healthcare District Current and Projected Income Statement

(All numbers are in 000's)

	YTD Jan 31, 2013	FYE June 30, 2013	FYE June 30, 2014
Revenue	\$ 3,026	\$ 5,327	\$ 5,682
Expense	\$ (4,936)	\$ (8,462)	\$ (8,500)
Net Surplus/(Deficit)	\$ (1,910)	\$ (3,134)	\$ (2,818)
Depreciation & Amort.	\$ 2,022	\$ 3,547	\$ 3,600
Net Cash In/(Out) Flow	\$ 112	\$ 413	\$ 782

Notes: (Other than actual values for YTD Jan 31, 2013, estimates are for planning purposes only)

1. Additional \$35,000 in revenue included from Webster Orthopedics' rent starting in March 2013.
2. Additional \$75,000 in revenue added for new tenant in Eden Medical Building beginning in Sept. 2013.
3. Legal expense in 2014 is included at 2013 levels of \$250,000, which would be much lower, if suit is settled early.
4. Only lease with signed letter of intent (\$75,000 per year) is included. There are other potential tenants not included.
5. Projections for 2014 and beyond are intended to be conservative.

## PUBLIC PERCEPTION OF ETHD

Poll Results, a review of poll conducted May 2012

### IMPORTANCE OF ISSUES

- When presented with a list of seven specific issues and asked to rate the importance of each, improving the quality of education received the highest percentage of respondents, indicating that the issue was either extremely or very important (88%), followed by ensuring local access to emergency medical services (78%), and being prepared for natural disasters and other emergencies (76%).
- Given the purpose of this study, it is instructive to note that preventing tax increases (46%) was rated lower in importance than all of the healthcare items tested.

### AWARENESS & OPINIONS OF EETH TOWNSHIP ETHD

- The majority (55%) of likely November voters in the District confided that—prior to taking the survey—they had not heard of the Eeth Township Healthcare District. An additional 24% had heard of the District, but did not have an opinion of the District.
- Among the minority of voters who did have an opinion of the District, however, they were decidedly positive. Eighteen percent (18%) indicated that they had a favorable opinion of the Eeth Township Healthcare District, whereas just 3% held an unfavorable opinion.

### INITIAL BELL-OF TEST

- With only the information provided in the ballot language, 67% of voters indicated that they would definitely or probably support the proposed \$95 parcel tax measure to fund local hospital and emergency medical services at this stage in the survey. Whereas 19% stated that they would oppose the measure, and 14% were unsure or unwilling to share their vote choice.
- The most common reasons cited for opposing the measure were that they need more information (32%), had concerns about taxes already being too high (18%), and perceptions that the measure is too expensive (13%).

### TAX TOLERANCE

- Support for the proposed parcel tax varied according to the tax rate. When their attention was focused on the tax rate and without mention of a senior exemption, at the highest tax rate tested (\$95 per year per property) 58% of likely November 2012 voters surveyed indicated they would vote in favor of the measure.
- Incremental reductions in the tax rate resulted in incremental increases in support for the measure, with 63% indicating that they would support an annual tax rate of \$72 per property and 71% supporting an annual tax rate of \$48 per property.

### PREFERRED SERVICES

- Among the programs and services that could be funded by the measure, voters most strongly favored keeping hospital medical equipment and technology up-to-date (88% strongly or somewhat favor), followed by ensuring that we have enough doctors and nurses need to serve our community (87%), and maintaining local access the life-saving emergency medical care (86%).

tramutola advisors

EDEN TOWNSHIP HEALTHCARE DISTRICT  
COMMUNITY HEALTH ADVISORY COMMITTEE (CHAC)

Date of First Meeting: November 9, 2010

Current Members of the CHAC:

Roxann Lewis, Committee Chair

Carole Rogers, Board Chair

Ronald Hull, Board Member

Dev Mahadevan, Chief Executive Officer

Cliff Sherwood

Dr. Jennifer Ong

Michael Gregory

R.J. Engelhart

Sandee Velasquez

Susan Reisz

Vera Sims

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

**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 88, 75 and 40 percent in the three ETHD's 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 \$35 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 < >, seconded by Commissioner < >, and duly carried.

Ayes:

Noes:

Excused:

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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: \_\_\_\_\_