

**Members**

**Ayn Wieskamp**, Vice Chair  
Special District Member

**Nate Miley**  
County Member

**John Marchand**, Chair  
City Member

**Sblend Sblendorio**  
Public Member

**Ralph Johnson**  
Special District Member

**Scott Haggerty**  
County Member

**Jerry Thorne**  
City Member

**Alternates**

**Georgean Vonheeder-Leopold**  
Special District Member

**Wilma Chan**  
County Member

**David Haubert**  
City Member

**Tom Pico**  
Public Member

**Executive Officer**

Mona Palacios

**AGENDA 7 November 10, 2016**

November 1, 2016

Honorable Commissioners  
Alameda Local Agency Formation Commission

**Subject: Update #2: Eden Township Healthcare District Special Study**

Dear Commissioners:

This report provides an update on the status of the Eden Township Healthcare District (ETHD) special study approved by the Alameda Local Agency Formation Commission (LAFCo) at your July 14, 2016 meeting.

Recommendation

Receive the information provided in this report, and provide comments and direction to staff regarding the preferred public review option, and any other information as desired.

Summary of Project Activities

As reported at the September 8, 2016 LAFCo meeting, the project consultant, Richard Berkson of Berkson Associates, commenced work on the special study in August. In addition to the interviews conducted with staff and Board members from ETHD, and the city managers of Hayward and San Leandro, LAFCo staff and the project consultant interviewed Dr. Kathleen Clanon, Medical Director of the Alameda County Health Care Services Agency on September 20, 2016. On October 6, 2016, staff sent a request for financial participation in the special study to ETHD, Alameda County, San Leandro and Hayward. Each jurisdiction committed up to \$6,000.

A webpage devoted to the ETHD special study is posted on the LAFCo website at: <http://www.acgov.org/lafco/eden-study.htm>. The project consultant developed a set of frequently asked questions (FAQs) which are posted, along with other relevant information and documents on the webpage. Additionally, written comments can be submitted either directly to LAFCo staff or via the webpage. To date, LAFCo has received approximately 10 written comments which are provided in Attachment 1.

Staff organized three special meetings for the Commission to accept comments from the public and other stakeholders about the ETHD and specific needs and/or priorities that the District should address.

Honorable LAFCo Commissioners

November 1, 2016

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The first meeting was held on October 17<sup>th</sup> in Castro Valley at the Castro Valley Library just prior to a regularly scheduled Castro Valley Municipal Advisory Council meeting. Commissioners Johnson, Miley, Sblendorio, Vonheeder-Leopold, and Wieskamp were in attendance. The second meeting was held in Hayward on October 18<sup>th</sup> in the Hayward City Council chambers just prior to a regularly scheduled city council meeting. Commissioners Marchand, Miley, Sblendorio, and Thorne attended this meeting.

The final meeting is scheduled for November 7<sup>th</sup> at the San Leandro City Hall just prior to a regularly scheduled city council meeting. Notices for the meetings were posted on the LAFCo website and at the meeting locations, as well as distributed to interested parties and LAFCo's agenda distribution e-mail list with a request that they distribute it widely to their constituents as appropriate. Those confirmed to attend this meeting include Commissioners Chan, Haggerty, Johnson, Marchand, Miley, Sblendorio, Thorne, Vonheeder-Leopold, and Wieskamp.

Staff developed and distributed a press release to 11 newspapers, five blogs, seven television stations, and four radio stations. Attached are copies of published news stories (Attachment 2). Approximately 30 people attended each of the two public meetings that have occurred with approximately 10-12 speakers at each meeting. The draft minutes of the Castro Valley and the Hayward meetings are included in your agenda packet under item #4. The project consultant participated in the LAFCo special meetings and has incorporated the public comments into the special study.

Two other items of interest are provided with this update. One is an ETHD staff report dated October 12, 2016 indicating that the Board of Directors would discuss "*creating a private charitable organization to succeed the District and transferring the mission and assets and liabilities to this entity*" at their October 19, 2016 meeting (Attachment 3).

The other is a letter dated October 26, 2016 from the Washington Township Healthcare District (WTHD) responding to LAFCo's request for information regarding their interest in consolidating with ETHD (Attachment 4). WTHD's correspondence states that the District has no interest or ability to consolidate with ETHD, but would be willing to participate in outreach efforts to ETHD residents to increase awareness of WTHD's services.

#### Next Steps

The project consultant continues to review the District's financial reports (including ongoing updates), minutes from past meetings, Grand Jury reports, and other documents related to the District's assets, liabilities, and services. LAFCo staff and the project consultant communicate regularly to review information, issues, and options. The project consultant is preparing an administrative draft of the special study for LAFCo staff review; the report will include an analysis of District assets and services, a financial forecast, and findings regarding governance options, as well as incorporate public comments received, as appropriate.

The draft special study is expected to be available for public review the week of November 28<sup>th</sup>. In addition to distributing the report to each Commissioner, staff will provide a copy of the study to everyone identified as an interested party, post the study on the LAFCo website and send the website link to the District, Alameda County, Hayward, and San Leandro and any other affected local agencies with a request that they distribute the information as widely as possible. A press release about the

availability of the study will be distributed to local media. All comments received will be logged with a response prepared by the project consultant.

Next steps are outlined in the table below with two options offered for the public review process. Staff requests that the Commission consider the options presented as well as any other options and information, and provide direction as to the preferred public review process.

| <b>Next steps</b>   | <b>Option 1--Special meeting</b>                              | <b>Option 2--No special meeting</b>    |
|---|---|--|
| Draft public review study distributed                             | Week of November 28, 2016                                     | Week of November 28, 2016              |
| Review period   | 45+ days  | 30-45 days                             |
| Public hearing to consider draft report and accept public comment | Special meeting scheduled late January or early February 2017 | Regular LAFCo meeting January 12, 2017 |
| Consultant incorporates public comments                           | January - February  | January - February                     |
| Final special study report  | Regular LAFCo meeting March 9, 2017                           | Regular LAFCo meeting March 9, 2017    |

Sincerely,



Mona Palacios  
Executive Officer

V:\LAF\Eden Township HCD\Special Study, 2016\special study update #2.doc

Attachments:

1. Written public comments
2. News articles
3. ETHD staff report dated October 12, 2016
4. Washington Township Healthcare District letter dated October 26, 2016

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

Palacios, Mona, CAO

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**From:** Winigerry@aol.com  
**Sent:** Saturday, August 13, 2016 10:46 AM  
**To:** Palacios, Mona, CAO  
**Cc:** winigerry@aol.com; gerrywini@earthlink.net  
**Subject:** Save Eden Health District

August 13, 2016

Ms. Mona Palacios  
Executive Officer  
Alameda County Local Agency Formation Commission

Dear Ms. Palacios,

We feel very strongly that the Eden Health District must be saved. The District sponsors many health clinics and services for the elderly. Davis Street, Meals on Wheels, Tiburcio Vasquez, George Mark Children's Fund, La Familia Counseling Services, La Clinica de La Raza and Building Futures with Women and Children are of invaluable importance to residents in under served areas of our district. How could these services possibly be replaced if the District were to be dissolved?

Recently, the District has begun educating our community on health issues which help to keep people from needing to go to the hospital--an invaluable service!

The Eden Health District continues to spend its money wisely, effectively, and efficiently to help our people maintain their health. Countless people depend on the services provided by the Eden Health District. It must be saved.

Sincerely,

Winifred and Gerald Thompson

## Palacios, Mona, CAO

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**From:** Diana Hanna <dalpha9@gmail.com>  
**Sent:** Saturday, August 13, 2016 3:29 PM  
**To:** Palacios, Mona, CAO  
**Subject:** RE: Eden Health District

Dear Ms. Mona Palacios

As a very long time and active member of the Castro Valley community I would not like to see the Eden Health District desolved.

They play a very important roll in our community by providing many services. Such as health services and elderly services in the underserved areas. Meals on wheels to the elderly and house bound adults, The George Mark Children Fund, Spectrum Community Services, the LaFamily Counseling, and Building Futures with woman & children.

Please continue to support our Eden Health District.

Thank you for your time. Sincerely Diana Hanna  
Sent from my iPad

## Palacios, Mona, CAO

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**From:** Bruce King <bruceking8@gmail.com>  
**Sent:** Monday, August 22, 2016 12:09 PM  
**To:** Palacios, Mona, CAO  
**Cc:** Dev Mahadevan; Roxann Lewis  
**Subject:** My Support for Eden Health District

Dear Mona Palacios, Executive Officer of LAFCo:

I am writing to you to express my support for the Eden Health District. The District has a long history of providing a wealth of health resources and should continue its mission to support the Eden area.

The District is doing a great job supporting organizations in the Eden area that provide direct health care and organizations that maintain the health of the community. The District has served us faithfully by mitigating financial crises in our local hospitals and providing support to programs that serve our poorest and most-in-need citizens.

The citizens of the Eden area funded the District and need a health agency that will continue to support future generations. The District was established in 1948 by the residents of Castro Valley, Hayward, San Leandro and San Lorenzo, to build and operate Eden Hospital. These residents paid property taxes to support the hospital until 1976, and then voted in the late 1990's to sell the hospital. Eden Health District then established a permanent endowment fund to benefit the health and wellness needs of the District.

Eden-area residents now pay no taxes to support the District and get permanent benefits for our local community. I do not support others who propose to disband the District and give the money to Alameda County. The Alameda County Health Services Agency and other local hospitals provide much needed services, but they have a history of negative cash flows, asking for additional local taxes, and requesting money from the District and others to stay afloat. I fear that Alameda County will end up spending our health resource that should last for generations.

It is also unfair for local politicians to claim that the District does not give enough funds to the community. Many of these politicians are our representatives who asked the District to legally represent the community's health interests by suing Sutter Health. The District now must pay Sutter Health \$20M, and temporarily reduce some support to the community.

A few years ago I worked directly with Eden Health District on an contest that involved all of the schools in the Castro Valley Unified School District and their project to construct the medical office building on Lake Chabot Road. I know first-hand the grass-roots involvement and impact the District has in our community. Let's keep the District here to serve us and future generations.

Bruce King  
3127 Terry Court  
Castro Valley, CA 94546  
510-209-1410

September 30, 2016

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

Dear Commissioner Marchand,

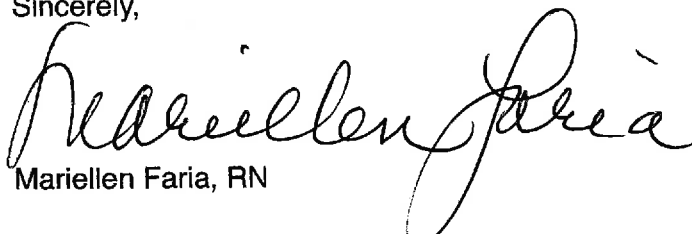
I understand the Local Agency Formation Commission is considering a proposal to dissolve the Eden Health District.

I am concerned and want to share my opposition to this occurring. In 2011 when I was the Chief Nurse Executive at St. Rose Hospital, I was responsible for hospital operations while the Chief Executive Officer was on vacation. During that time the hospital had a significant financial challenge. The hospital was in the process of implementing a new computer system and was unable to produce billing claims or collect revenue for a longer period of time than was projected. Collections and revenue stalled and at the end of July the hospital was unable to meet its financial obligations. We requested assistance from county and local entities including the Eden Township Healthcare District to help the hospital through this challenge. The county and other entities were unable to assist however, the Eden Township Healthcare District acknowledged the extreme impact the closure of the hospital would have on the community and provided St. Rose with an emergency loan of \$3 million. This loan allowed us to meet payroll obligations the next week, bridge the period of time to establish collections of claims and stabilize the hospital. I know this immediate response from the Eden Township Healthcare District kept St. Rose doors open to provide much needed care to the community and allowed 1000+ staff to receive their paycheck on time. I do not believe the hospital would be open today if St. Rose had not received this loan from the Eden Township Healthcare District.

In addition to this funding, St. Rose Hospital and the St. Rose Foundation have received other grants to assist with programs and services over the years. It is my hope that the commission and local leaders are able to resolve this situation.

This experience solidified the ability of the Eden Township Healthcare District to quickly respond to the ongoing healthcare needs of our community. I am in opposition to dissolving the Eden Health District. I am aware of other safety net services they support in the district which would also be negatively impacted by this action. Your consideration in this matter is appreciated.

Sincerely,



Mariellen Faria, RN

CC: Eden Health District, Dev Mahadevan

**Hou, Sandy, CAO**

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**From:** klucchesi@eldercarealliance.org  
**Sent:** Wednesday, October 12, 2016 1:35 PM  
**To:** Palacios, Mona, CAO  
**Subject:** Eden Health District Need

E-mail submitted from following website: lafco\_contact\_us\_page

**Name:** Krista Lucchesi, Director Mercy Brown Bag Program

**EmailAddress:** klucchesi@eldercarealliance.org

**Comments:** I am writing from Mercy Brown Bag Program. We coordinate the distribution of thousands of pounds of free groceries to older adults throughout the Eden Area. We have been supported by the Eden Health District for many years, especially our grocery distributions at the Hayward Area Senior Center. We are truly grateful for their concern for the elders in this community. Using Census data the Area Agency on Aging reports in the "2016-2017 Area Plan for Older Adults": 50,000 seniors are living at or near poverty in Alameda County and between 1980 and 2015, the older adult (65+) population grew by 48% and the number of adults between ages 45-64 (the fast-growing Baby Boomer segment that will reach 65 over the next two decades) increased by 87%. Over 1 in 4 (27%) of our County's elders are living below 200% of the federal poverty level – and thus struggling to make ends meet. Eden Area has the county's greatest percentages of these seniors –Cherryland (44.4%), Ashland (40%), San Lorenzo (29.1%) and San Leandro (29%). Hayward has more than doubled the amount of 60+ elders since 1980. The Eden Health District's support is crucial to our past and future ability to keep up with the growing need. Thank you for your consideration of the continuation of this valuable addition to our county.



## Palacios, Mona, CAO

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**From:** sgb8592@gmail.com  
**Sent:** Tuesday, October 18, 2016 12:24 PM  
**To:** Palacios, Mona, CAO  
**Subject:** ETHD Study

E-mail submitted from following website: lafco\_contact\_us\_page

**Name:** George Bischaney

**EmailAddress:** sgb8592@gmail.com

**Comments:** I want to comment in favor of maintaining the Eden District. I believe it does and can continue to provide a service to the community that is consistent with the role of health care districts and can support a healthy community. ETHD, as owners of medical office buildings, provides space for community physicians to affordably see patients. Many of these patients may not be welcomed as openly in group practices associated with larger health care organizations. It's critical for issues of access and affordability that community physician not associated with large groups be able to maintain a presence. Once gone, these practices will not easily be replaced and further limit access by certain patients. Other for profit real estate owners or managers will seek to maximize their return on investment and drive physicians out of the community if alternatives like ETHD are not available. Other health care districts within the State have found a way to serve communities without operating hospitals, as they all once did. There is a place for ETHD, and as long as it's operating efficiently and keeping to its mission of improving community health, it should be given the benefit of the doubt and allowed to continue. I hope this is not an outcome will not be politically driven, but on one that is in the overall best interests of the communities ETHD continues to serve.



October 19, 2016

John Marchand, Chair  
Alameda Local Agency Formation Commission  
1221 Oak Street, Suite 506  
Oakland, CA 94612

Dear Commissioner Marchand,

I am writing to express my concern about the unbiased evaluation of the Eden Township Healthcare District's (dba "Eden Health District", the District) future, in light of what occurred at Monday's meeting of the Alameda LAFCo in Castro Valley, which was seeking public input into the future of the District.

Assembly Member Bill Quirk was in attendance and yielded his turn to speak until the end at which time, he more or less threatened to re-introduce legislation if the consultant did not recommend dissolution. While he later retracted the statement somewhat (I asked him specifically in the presence of Ms. Palacios, Executive Officer of LAFCo), I am concerned that the Consultant, Mr. Richard Berkson, might be influenced by this intimidation into producing what Mr. Quirk is specifically asking for (as intended in his bill), the dissolution of the District, without a vote of the District's residents.

While I am confident that the LAFCo Commissioners are independent and will not be intimidated themselves, I am concerned that Mr. Berkson should not be threatened by our elected Assembly Member. Perhaps this legally taints the process enough that this entire study may be a waste of money, if it stands to be subsequently challenged.

We at the Eden Healthcare District are very concerned that an Assembly Member has thus chosen to display what can only be described as an abuse of power in this process that he has been given by the people of his Assembly District. He has, as he has admitted himself, been ignorant of the LAFCo process, which he did not understand and which his staff apparently did not brief him on, before he proposed his legislation.

In a meeting in April, 2016 with a District board member, Thomas E. Lorentzen and me, in his Sacramento Office, Assembly Member Quirk admitted that he simply wanted the District to go away and turn over its assets to someone else, like Alameda County.

At yesterday's meeting the speakers overwhelmingly stated that turning over local funds (the local tax payers' ancestors and relatives paid the taxes that created these assets) to the County, where the use of the funds may be less clear, is less desirable than it is in the District's hands where all our financial records are as open as our meetings, and more easily accessible than a meeting of the County Supervisors in Oakland.

Sincerely,

Dev Mahadevan  
Chief Executive Office

Copy to: Board of Directors, Eden Township Healthcare District  
Alameda LAFCo Commissioners  
Mona Palacios, Executive Officer, Alameda LAFCo  
Assembly Member Bill Quirk



October 19, 2016

Executive Officer  
Alameda Local Agency Formation Commission  
1221 Oak Street, Suite 555  
Oakland, CA 94612

To Executive Officer, Alameda Local Agency Formation Commission:

**I am writing in my capacity as Chief Executive Officer of George Mark Children's House to express my support for the Eden Township Healthcare District.** George Mark Children's House (GMCH), which is a sub-acute medical facility located in San Leandro, offers pediatric palliative care to children with life limiting illness and their families. We have received two annual grants from ETHD totaling \$7,500 in 2014/15 and \$15,000 in 2015/16. As a nonprofit that relies on philanthropy for 83% of our budget, funds from ETHD have been strategic in helping us meet the medical and psychosocial needs of critically ill children and their parents in the ETHD catchment area.

ETHD funds were granted to GMCH to serve pediatric patients and their families in need who reside in the Eden Township Healthcare District catchment area. Established in 2004, GMCH is the first and only freestanding pediatric palliative care facility in North America to bridge the gap between hospital and home, offering safe, excellent medical care in the comfort and warmth of a home-like setting for patients who do not need the resources of a full children's hospital but have compelling medical and psychosocial needs. Our family-centered care emphasizes quality of life in a compassionate, supportive environment.

We offer five types of services to families that ETHD funding supports:

1. **Transitional Care** – To equip families and caregivers with the skills they need to effectively manage their child's long-term medical care needs after discharge from an acute care hospital stay; children and their families are admitted to George Mark for several days or weeks. During their stay for transitional care, George Mark provides the child with needed medical care and psychosocial support, while educating the family and caregivers to recognize and respond to health needs as they arise. George Mark staff also works with families to help them understand how to operate special equipment and provide needed treatments at home. By training the family to proactively manage their child's health, the child's health is stabilized and the need for repeat or prolonged hospitalizations is minimized.
2. **End of Life Care**, when needed, is provided in our home-like setting where a patient's family can stay in its own family suite and surround their child with the love and support they need.
3. **Respite Care** – For parents and primary caregivers of children with serious illness, George Mark provides a safe, nurturing place for them to bring their child for short-term care. By providing caregivers with temporary respite, George Mark supports the health of the primary caregiver as well as the well-being of the entire family. Respite care at George Mark also

provides positive experiences for child patients by supporting them to engage independently of their families with George Mark staff and volunteers and other patients.

4. **Bereavement Care** - Recognizing that families grieving the death of a child benefit by receiving long-term support, George Mark offers an ongoing Bereavement Program for all families that have ever received services at George Mark. By offering families long-term and multi-faceted emotional and practical support prior to and following the death of their child, the George Mark Bereavement Program supports and encourages family members to recognize the normalcy of their feelings, to grieve in ways that are personally healing and to move ahead with their lives by integrating the loss of a child in a way that supports the family and honors the memory of the child.

5. **Perinatal Counseling** – We provide medical expertise, resources, support and information for at-risk preterm births about the prognosis and prospective complications, with the goal of establishing continuity of care for infants and parents.

Since the field of pediatric palliative care is still relatively new in the United State, it has taken time to educate insurance companies and other payers that this innovative care exists and is cost-effective in meeting patient's needs. Grant funds from ETHD allow us to serve children and families from the ETHD catchment area at the time of their greatest need. Should the Eden Township Healthcare District be dissolved my understanding is that those funds would be diverted to San Leandro Hospital and St. Rose Hospital effectively eliminating an important grant source for George Mark Children's House. It should be noted that the services offered at George Mark Children's House are not duplicated at either San Leandro Hospital or St. Rose Hospital. Accordingly, on behalf of George Mark Children's House we would encourage the decision-making body to retain the Eden Township Healthcare District.

Sincerely,

Linda Ashcraft-Hudak  
Chief Executive Officer



CC: Dev Mahadevan  
Chief Executive Officer  
Eden Township Healthcare District



PUBLICCEO

## Governor Signs Bill Limiting Eden Health District's Administrative Spending

Posted by : [Steven Tavares](#) October 4, 2016

*By Steven Tavares.*

Legislation that could be the first nail in the Eden Health District's coffin was signed last week by Gov. Jerry Brown. The new law, authored by East Bay Assemblymember Rob Bonta, requires the struggling Eden Health District to allocate a minimum of 80 percent of its operating budget for health-related expenditures. The narrowly-tailored bill only pertains to the Eden Health District, which covers much of Central Alameda County.

Following a years-long legal battle with hospital provider Sutter Health over ownership of San Leandro Hospital, the healthcare district's financial situation has been precarious in recent years. After losing the lawsuit, Eden Health District was ordered to pay \$20 million in damages to Sutter Health spread out over 10 years.

In addition to no longer overseeing a hospital, which was its original duty when voters created the district in 1948, its grant-giving ability has also been severely limited in recent years. Much of its income comes from medical office properties the district owns in Castro Valley and Pleasanton. The healthcare district is not funded by any taxes. Nearly two years ago, Eden Health District spent just 12 percent of its budget outside of administrative costs.

"The Eden District now essentially functions as a commercial real estate management operation, rather than a healthcare provider for the public," said Bonta. "Unfortunately, the mismanagement of the district and failure to meet the stated mission has gone on for too long and has violated the public trust by spending a disproportionate amount of their budget on administrative costs and not on helping people."

Bonta's bill faced little opposition through the legislative process before being signed by Brown on Sept. 21. Hayward Assemblymember Bill Quirk also offered legislation related to Eden Health District this session. Quirk's bill would have been far more punitive and ask for an immediate dissolution of the healthcare district. That bill, however, was shelved, in favor of Bonta's legislation.

But the push by Alameda County officials and local mayors to dissolve Eden Health District may only be beginning. The Alameda County Local Agency Formation Commission (LAFCO), which oversees the boundaries of jurisdictions in the region, is currently discussing the district's future, including the possibility of dissolution. A final report commissioned by LAFCO is scheduled for January 2017, according to a timeline offered last month. LAFCO's next meeting is Nov. 10.

[Originally posted at East Bay Citizen.](#)

# Speakers Say County Trying to Grab Eden's Cash

By Amy Sylvestri  
San Leandro Times

Many local politicians want the Eden Township Healthcare District dissolved, calling it obsolete and inefficient.

But at a special town-hall meeting at the Castro Valley library Monday night, the public strongly supported keeping ETHD running, and said the county is simply trying to get its hands on ETHD's money — because if the district is dissolved, its assets would go to the county.

Speaker Elke Sommer said it's a "no-brainer" to continue to support the district and that dissolution is "a thinly-veiled cash-grab by county partisan groups."

Roxanne Lewis, an elected member of the ETHD board, said that eliminating the ETHD is "short-sighted" because the county would spend its assets within a couple of years. But if the ETHD continues, it could continue to sustain itself for many years and will eventually be able to expand its charitable work once the Sutter lawsuit is paid off.

Many speakers said the benefit of the ETHD is its elected board, which holds the interests of Eden area residents in mind when acting. If the county is in control of the funds, they will likely not be spent within Castro Valley, San Leandro, and San Lorenzo.

Speaker Phyllis Moroney, a former employee of the county health system, was the only one of about a dozen speakers who supported dissolving the district, calling it "obsolete" and saying that too much money is being spent on salaries and debt.

The meeting was put on by the Alameda Local Agency Formation Commission (LAFCo) to gauge the public's opinion on ETHD. The district was created in 1948 in order to run the then-new Eden Hospital. Over the past 70 years, the district has owned and overseen various properties in San Leandro, Castro Valley, Hayward and the unincorporated areas.

Over the summer the Alameda County Grand Jury issued a report that said the district "failed

in its mission" and lacked a plan for its future.

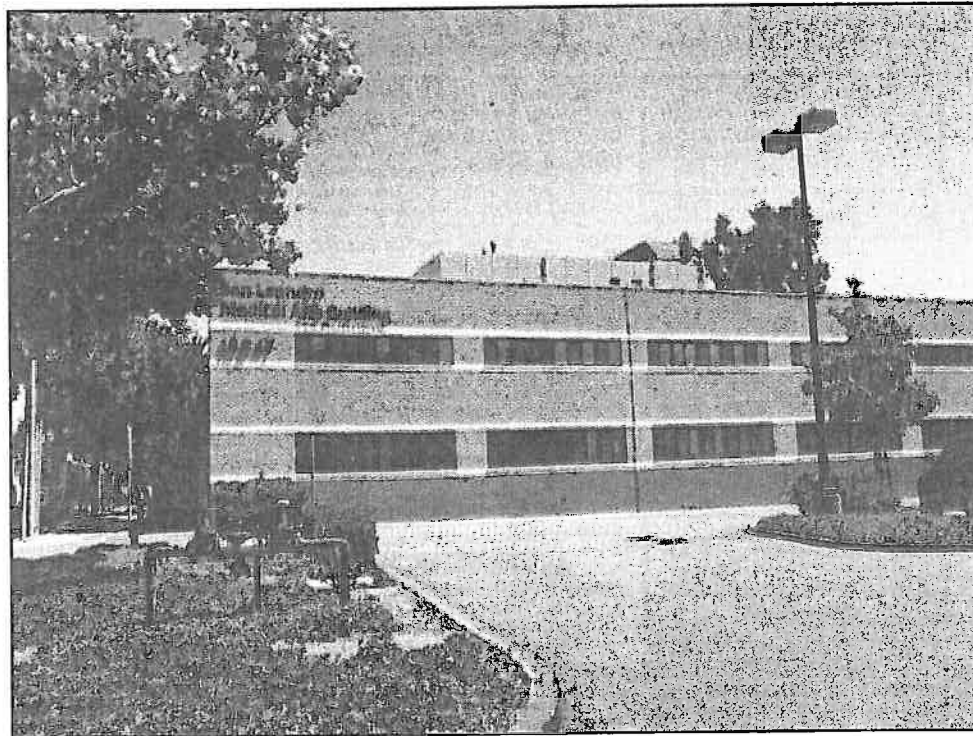
And politicians including Assemblyman Bill Quirk, Supervisor Wilma Chan, and the San Leandro City Council have called to disband the district, saying it is no longer serving the community efficiently.

Currently, 88 percent of the ETHD's budget goes to real estate, staff, and legal fees, leaving around \$500,000 annually to distribute to various causes — including a \$250,000 annual commitment to the Davis Street Family Resource Center, along with smaller projects such as diabetes workshops.

One source of the ETHD's struggles is a legal battle with Sutter Health over San Leandro Hospital that resulted in the district owing Sutter \$20 million.

It was politicians including Chan and the San Leandro City Council who leaned heavily on the district to fight Sutter at the time.

A second LAFCo meeting on the future of the ETHD took place Tuesday in Hayward and a third



TIMES FILE PHOTO BY AMY SYLVESTRI

One of Eden Township Healthcare District's buildings is the San Leandro Medical Arts Building, next to San Leandro Hospital.

meeting is scheduled for Nov. 7 at 5:30 p.m. at San Leandro City Hall, 835 East 14th Street.

Once the meetings have been conducted, a draft report based on the findings of a consultant that

LAFCo hired as well as public comments will be presented to the LAFCo board. There will likely be another public meeting at that point, sometime in mid-November, then a final report and even-

tually a determination by LAFCo.

LAFCo could 1) decide to dissolve ETHD, 2) have it remain running as it is, 3) modify the ETHD's structure works so a separate foundation awards the scholarship money, or 4) any number of options including putting the matter up to a public vote.

## THE TIMES CROSSWORD

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## LOCAL DEATHS

**MARTINEZ, Teodoro**

■ **MARTINEZ, Teodoro,**

at Santos-Robinson Mortuary, 160 Estudillo Ave., San Leandro from noon to 8 p.m.

at Church of the Assumption, 1100 Fulton Ave., San Leandro. Interment at Chapel

**Money**

## East Bay Times

# Supporters rally for Eden Health District as opponents question operations

## Alameda County commission begins study on special district's future

By [Darin Moriki](#) | [dmoriki@bayareanewsgroup.com](mailto:dmoriki@bayareanewsgroup.com)

PUBLISHED: October 27, 2016 at 6:00 pm | UPDATED: **October 28, 2016** at 5:13 am

CASTRO VALLEY — Views on whether to keep or dissolve the Eden Health District were mixed during the first public meeting on a special study commissioned to determine its future and financial viability.

Cherryland Elementary School Principal Ito Garcia says his school is in an area where some health statistics such as childhood poverty and accidental deaths are among the worst in Alameda County.

There, Eden Health District and its grant-funded organizations, including the Oakland-based East Bay Agency for Children, often step in to fill those gaps by connecting students and their families with direct health care services, Garcia said.

But he worries that could change if the Alameda County Local Agency Formation Commission that oversees changes to special districts recommends dissolving the Eden Health District.

“Eden Health Care District’s support of our school in unincorporated Alameda County region that often cannot access resources or partnerships with cities has been transformative and instrumental in turning around a very low-performing school ... specifically in support of our community school model that leveraged an initial annual health fair into a very strong network of partnerships that connect members of our community who have no other way to connect with health care to direct services and information,” Garcia told Local Agency Formation commissioners at an Oct. 17 meeting at the Castro Valley Library.

Garcia was one of eight residents and health district administrators who spoke in favor of saving the Eden Health District, the subject of a special study that will analyze its financial viability and future options, including dissolution.

Castro Valley resident Phyllis Moroney said she sees things differently and believes Eden Health District has become obsolete and should be dissolved. She pointed to an Alameda County grand jury report, released in June, which said 88 percent of the district’s budget is spent on real estate, administration, legal and consulting fees.

Only the remaining 12 percent, totaling \$528,000, is set aside for grants, scholarships and health care services.

“That’s not enough of the money that is spent on people,” Moroney said.

Excess funds from the health district's dissolution should be invested in mental health and post-acute care services rather than given to either the Alameda Health System or St. Rose Hospital in Hayward, she said.

Fairview resident Chris Higgins said he is split on whether to keep or dissolve the health district and was troubled by mistakes made by past board members. He also recognized the positive benefits from Eden Health District-funded services in communities such as Cherryland and Ashland.

"If you're going to do away with this district, maybe you should consider giving the money back to us, the people who funded it, rather than give it to some place where it's going to dissolve," Higgins said.

The special study process began in June after former Hayward City Manager Fran David sent a letter to commissioners requesting a comprehensive review of the health district.

The letter cited a "lack of a thorough and in-depth study of the district's finances and decision-making abilities by an independent entity; whether or not district resources are being and have been used appropriately to facilitate the delivery of critical healthcare services to those in desperate need within the voter-approved mission of the district; and the lack of an inclusive, informed and transparent community conversation on the topic."

The Local Agency Formation Commission approved Hayward's request in July and set aside up to \$30,000 for Bay Area-based Berkson Associates to conduct the special study.

The healthcare district covers Hayward, San Leandro and western unincorporated Alameda County, including San Lorenzo and Castro Valley.

A 2013 Local Agency Formation Commission review of the district explored possible dissolution but concluded the district should remain in its current form.

The Eden Health District was formed in 1948 to finance, construct and operate Eden Hospital in Castro Valley but no longer owns or operates it.

The health district now awards community grants to nonprofit groups and organizations that provide healthcare services. It owns three medical office buildings.

"I'm kind of disappointed that we got to this position because we did conduct all of these studies ... but we didn't really have anyone come up and tell us how good or bad the district was and what it was doing," Local Agency Formation Commissioner Georgean Vonheeder-Leopold said.

"It sounds like it's doing some remarkable things, so I'll be really interested to see what the study says," she said.

A draft report should be available for public review and comment in mid- to late- November said Richard Berkson of Berkson Associates. A final meeting on the study will be held at 5:30 p.m. Nov. 7 in the San Leandro City Hall council chambers, 835 E. 14th St.

Contact Darin Moriki at 510-293-2480 or follow him at [Twitter.com/darinmoriki](https://twitter.com/darinmoriki).



October 12, 2016

To: The Board of Directors, Eden Township Healthcare District

From: Dev Mahadevan, Chief Executive Officer

Re: Recommendations to LAFCo on Reorganization of the District

Colin Coffey, District Counsel and I have drafted for the Board's consideration at its meeting, the option of creating a private charitable organization to succeed the District and transferring the mission and assets and liabilities to this entity.

Eden Township Healthcare District (DBA Eden Health District, "the District") was created by the voters of the District in 1948. In 1954, the District built and began operating Eden Hospital, which it did continuously until 1998, when the assets and operations were sold to Sutter Health to operate and re-build as necessary to serve the community. Since then, the District has provided service to the community through community grants, community health education, and by providing office space to physicians to help serve the community. In 2016, at the request of the City of Hayward, the Alameda County Local Agency Formation Commission has begun a review to see how the District functions and how efficient it is and whether there are alternative organization structures, which can help the District serve the community better and more efficiently.

In this regard, the District would like to seek input on a potential reorganization by which the District's assets would be transferred to a charitable non-profit public benefit corporation, which would serve the community. This new organization will be governed by a board initially consisting of 10 board members including the five current District Board Members, and the remaining members appointed by the Board of Supervisors and/or Hayward or San Leandro City Councils, to ensure comprehensive representation within the District. The terms would be staggered two and three year terms split equally between the various board members. The new organization would acquire all of the assets and liabilities of the District and the new nonprofit corporation would be irreversibly dedicated in its Articles of Incorporation to the healthcare mission, purpose, and scope of authority of the Healthcare District. This board would be subject to the rules of the Brown Act, conflict of interest rules for charitable corporations, public records, and board members would have the obligations and responsibilities of the publicly elected board.

This new entity would not have the costs of elections every two years and all the other attendant costs that public entities are liable for. This structure would further reduce overhead expenses. The transfer of the District's assets, liabilities, and operations would be subject to the organization of the nonprofit corporation by the District, its achieving 501(c)(3) charitable status from the IRS, the approval of the voters of the District pursuant to the Healthcare District Law at Section 32121(p)(2) of the Health & Safety Code, and the ultimate dissolution of the Healthcare District and accommodation of the District judgment debt to Sutter Health as part of the District reorganization and accompanying LAFCo process.

Copy to: Colin Coffey, District Counsel



2000 Mowry Avenue Fremont California 94538-1716 • (510) 797-1111  
www.whhs.com

October 26, 2016

Ms. Mona Palacios  
Executive Officer  
1221 Oak Street, Suite 555  
Oakland, CA 94612

**RE: Eden Township Healthcare District Special Study - Questions for WTHD**

Dear Ms. Palacios:

In your letter dated September 27, 2016, you indicated that LAFCO’s project consultant had three questions for the District. Your questions and the District’s responses follow.

1. Does WTHD receive any portion of the ad valorem 1% property tax or does the tax revenue cited in your budget come from property tax assessments or special taxes?

Response to Question Number One:

The District does not receive any portion of the ad valorem 1% property tax. All property tax revenue is for service on general obligation bonds approved by the voters of the District. No taxes are received to fund general operations.

2. Does WTHD have the interest and ability to expand its boundaries and responsibilities to include the Eden Township Healthcare District?

Response to Question Number Two:

The District does not have the interest or ability to expand its boundaries and responsibilities to include Eden Township.

The District’s attention must remain on existing District residents. Recently, the District’s Board of Directors adopted a strategic map which is focused on:

*“Position WHHS as the Medical Center of Choice for Patients, Providers, Staff, District Residents and All Payers”*

Our District residents have placed their trust in us as evidenced by the passage of two bond measures, Measure FF in 2004 and Measure Z in 2012. Expansion of the District boundaries to include Eden Township would strain existing resources to the detriment of existing residents. In this day and age of immense challenges for healthcare providers, it is vital that the District stay focused on its core mission.



However, it should be noted that the District's facilities are open and available to the residents of Eden Township. Indeed, many of our existing patients reside within Eden Township. The District is willing to do additional outreach to the residents of Eden to make them aware of the District's healthcare services. This can be done without the need to expand our District's boundaries. If a further discussion on the subject of outreach to the residents of Eden Township is warranted, our District is certainly willing to be part of that discussion.

3. If WTHD is interested, please indicate any conditions, concerns or issues affecting a potential consolidation.

Response to Question Number Three:

In light of the District's response to question number two, no response is necessary.

Thank you for the opportunity to provide our responses. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Nancy Farber". The signature is written in a cursive style with a large, looped initial "N".

Nancy Farber  
Chief Executive Officer