



June 28, 2016

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

RE Request to Conduct a Study/Audit

Chair Marchand:

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

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

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

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

Office of the City Manager

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

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

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

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

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

Sincerely,



Fran David
City Manager
ICMA-CM

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