

Frequently Asked Questions

Eden Township Healthcare District Special Study

WHAT IS THE EDEN TOWNSHIP HEALTHCARE DISTRICT?

The Eden Township Healthcare District (ETHD), also known as the Eden Healthcare District, originally was formed in 1948 to finance, construct and operate Eden Hospital. The District no longer owns and operates the hospital, but it does provide grant funding and sponsorships to health-related organizations and programs, oversees its investment fund, and owns three office buildings where it leases office space to various healthcare providers.¹ The District collects no tax revenues; its revenue is derived from net income from its office buildings.

WHAT IS A SPECIAL DISTRICT?²

State law defines a special district as “any agency of the state for the local performance of governmental or proprietary functions within limited boundaries.” In plain language, a special district is a separate local government that delivers a limited number of public services to a geographically limited area. Special districts have four distinguishing characteristics:

- They are a form of government.
- They have governing boards.
- They provide services and facilities.
- They have defined boundaries.

WHAT IS LAFCO?

In recognition of the need for a more coordinated and efficient public service structure to support California’s anticipated growth, the State Legislature established local agency formation commissions (LAFCOs) in the mid-1960s.³ LAFCOs oversee boundary changes to cities and special districts, the formation of new agencies including incorporation of new cities, and the consolidation of existing agencies. Among other duties, LAFCOs are responsible for periodically reviewing the municipal services provided by local agencies under LAFCo jurisdiction. These service reviews, known as “Municipal Service Reviews” (MSRs), are intended to be an informational tool to help LAFCo, other agencies and the public better understand the municipal service structure. The broad goals of LAFCo are to ensure the orderly formation of local government agencies, to preserve agricultural and open space lands, and to discourage urban sprawl.

WHY IS ETHD BEING STUDIED?

In 2013, Alameda LAFCo completed an MSR of ETHD ([Eden Township Healthcare District MSR](#)). The MSR evaluated various factors including, but not limited to, growth and population projections, adequacy of services, financial ability, accountability and organizational structure options. Alameda LAFCo’s 2013 MSR for ETHD concluded that the district should continue in its current form.

Over the past years, ETHD has been involved in a number of controversial actions, including arbitration and litigation that resulted in a \$17.2 million decision⁴ against the District (plus legal costs). Members of the community, including the Grand Jury,⁵ have expressed concerns that the District’s decision process

¹ Eden Township Healthcare District Municipal Services Review, Alameda LAFCo, Dec. 9, 2013.

² What’s So Special About Special Districts? (Fourth Edition) Senate Local Government Committee, October 2010

³ Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et.seq.)

⁴ JAMS Arbitration No. 110004646, Final Award, Conclusion of Hearing June 11, 2013.

⁵ Alameda County Grand Jury Final Report 2015-2016 released on June 21, 2016.

and actions have not been in the best interest of the public it serves. Earlier this year, legislation was introduced in the State Assembly affecting the District including one bill signed into law (AB 2737) that imposes spending requirements on healthcare districts such as ETHD.

In June 2016 the City of Hayward submitted a request to LAFCo to prepare a special study to address concerns expressed about the District ([Hayward letter requesting special study](#)). At the July 14, 2016 LAFCo meeting, the Commission considered and approved Hayward's request to further evaluate concerns raised by the community ([LAFCo staff report](#)).

WHAT IS THE SCOPE OF THE SPECIAL STUDY?

The special study will review the services the District currently provides, its financial position including any future obligations, and a fiscal analysis of various governance options, including dissolution. The study will be used to inform Alameda LAFCo, the public and other stakeholders. While there may be value in studying the financial viability of hospitals in Alameda County, the scope of this study is limited to examining the ETHD which is subject to LAFCo's jurisdiction.

The special study will not duplicate the efforts of Alameda LAFCo's 2013 MSR of District to the extent the information in that document remains valid. The study will involve the careful review of relevant documents, including ETHD reports and documents, the 2013 LAFCo MSR and other LAFCo reports and documents, reports prepared by Alameda County, and fiscal and other documents relating to the ETHD.

The special study may be used by LAFCo as a basis to formulate findings and determinations regarding the future of ETHD. The analysis will evaluate whether the required determinations can be made, and any terms and conditions that should be applied to the recommended action.

WHAT HAPPENS NEXT?

LAFCo is holding a series of public in October and November 2016 workshops to elicit comments and input from residents of the District. LAFCo's project consultant will produce a draft report for public review and comment, and hold at least two additional LAFCo hearings on the issues where there will be further opportunity for public comment. LAFCo will then make a decision about the future status of the District. All possible options, except the status quo, provide the opportunity for public protest and a potential vote.