

**LM  
CH**

---

**Los Medanos Community Hospital**

*Dissolution versus Continued Operation of the  
Los Medanos Community Hospital District*

## 1. Why am I receiving this communication?

**A**s a property owner within the Los Medanos Community Hospital District (District), this communication is to inform you that the Board of Directors (Board) is considering options for the future of the District.

The two options under consideration are:

- Dissolution of the District and transfer of assets and legal authority to another entity (most likely Contra Costa County), or
- Continued operation by the District, providing health care and health education services to the communities served by the District

The Board believes that this decision is a matter of great importance to the property owners within the District, who are responsible for property taxes that are used to finance the bonds, outstanding indebtedness and services currently provided by District.

The Board recently voted to initiate a public outreach program both to inform and seek input from property owners within the District. This communication is one component of that program.

## 2. Why is dissolution of the Hospital District being considered?

**O**pinion among Board members and the public is widely divided on this issue. For some, dissolving the District would result in the elimination of administrative costs and a lowering of taxes. For others, dissolution would only result in a change of name while preserving the obligations and, potentially, increasing the legal and administrative costs to the taxpayers.

For these reasons, the Board voted on July 16, 1999 to prepare a plan for the possible dissolution of the District, naming Contra Costa County as its successor agency. The process is anticipated to take approximately four to six months and provide the Board with sufficient information, including recommendations and costs, upon which to make an informed decision. At the same time, the Board established a Dissolution Evaluation Committee to oversee preparation of the plan and seek input from the community. This Committee plans to disseminate information to the community and hold one or more public meetings to solicit input on the dissolution plan. The Board also established a Community Outreach Committee to evaluate and recommend other viable community options if the District continues to operate.

**The Dissolution Evaluation Committee will hold a special meeting on Thursday, October 21 from 7:00 to 9:00 p.m. at the Los Medanos Community Hospital Cafeteria. Community members are encouraged to attend this meeting to provide input to the Board of Directors.**

## 3. Who decides if the Hospital District is dissolved?

**A**ccording to the District's legal counsel, dissolution proceedings (i.e., dissolving the District), can be initiated in three primary ways: (a) a resolution of dissolution by the District's Board of Directors, (b) a petition by District voters, or (c) a resolution by the Local Agency Formation Commission (LAFCO), the agency responsible for approving annexations, boundaries, spheres of influence, etc. However, it is likely that the Board itself would initiate dissolution proceedings if it determined that dissolution was in the best interest of the District. The election would be held at the expense of the District, but the costs associated with the election could be lower if the election was to be consolidated with other elections (e.g., general versus special election).

#### 4. What are the current obligations of the Hospital District?

Under the terms of the bankruptcy, the District has three general areas of liability: (a) Payment of the 1977 bonds that were used to construct the hospital, (b) Obligations to creditors under the bankruptcy plan, and (c) Maintenance of medical records. In terms of revenues, the District collects approximately \$1,550,000 per year in taxes that can be broken down as follows:

- \$1,000,000 is restricted solely for the repayment of the 1977 bonds that are due to mature (i.e., be paid off) in fiscal year 2006-07, at which time that portion of the taxes would no longer be levied
- \$400,000 is committed for the next 12 years to the repayment of a Cal-Mortgage Loan that was used to pay creditor obligations
- \$150,000 that is used for discretionary District obligations

According to the District's attorney, the decision to continue in operation or dissolve should be made on the basis of long-term financial considerations, as well as whether or not continuing the District can provide the local taxpayers with benefits that are worth the approximately \$150,000 of general tax revenue that is not otherwise allocated to existing obligations.

#### 5. Will dissolving the Hospital District result in lower taxes?

According to the District's legal counsel, and in a recent communication from Auditor-Controller Kenneth J. Corcoran to Contra Costa County District 5 Supervisor Joe Canciamilla, both stated that none of the taxes currently paid by property owners would be eliminated if the District were to dissolve. According to these sources, taxpayers would be legally obligated to continue paying the bonds and other obligations of the District.

Mr. Corcoran also stated that, if the District were to dissolve, its one percent share of the property tax would be reallocated to other local agencies as prescribed by law and would not result in the lowering of taxes of District property owners.

#### 6. What is the cost of dissolving the Hospital District?

It is unknown at this time what the cost of dissolution would be, but would likely involve one-time costs including legal, administrative, agency and election costs and, potentially, the cost of a special election if a petition drive were to qualify for the ballot. Preparation of the dissolution plan calls for an estimate of the costs associated with dissolving the District.

#### 7. Besides dissolving the Hospital District, what are the other options?

The most likely scenario would be the continued operation of the District, providing community health and health education services to District customers. Some examples include health screening; family, youth and senior programs; a community health van and wellness programs.

At the same time that the Board created the Dissolution Evaluation Committee, it also formed a Community Outreach Committee to evaluate what health care services are needed within the community and what the District could offer. **The Outreach Committee will be holding a special meeting on Thursday, October 28, from 7:00 to 9:00 p.m., at the Los Medanos Community Hospital Cafeteria. Community members are encouraged to attend this meeting to provide input to the Board of Directors.**

## 8. How can the community provide input into the future of the Hospital District, the facility and community health care services?

**B**efore making a decision on its future, the Board plans to hold a number of public meetings, as well as provide a series of mailings to the community. Board meetings are open to the public; and you can also contact the five Board members through the District office. Because of the importance of this issue, the public is encouraged to become involved in the decision-making process. Upcoming meetings to which the public is invited include:

### *Dissolution Evaluation Committee*

Thursday, October 21, 7:00 to 9:00 p.m.  
Los Medanos Community Hospital Cafeteria

### *Community Outreach Committee*

Thursday, October 28, 7:00 to 9:00 p.m.  
Los Medanos Community Hospital Cafeteria

### *Board of Directors Meeting*

Second Monday of Every Month, 6:00 p.m.  
Los Medanos Community Hospital Board Room

## 9. How can I get more information?

**Q**uestions regarding the District and the potential dissolution should be directed to the District office at 925-432-2200. The office is not regularly staffed and calls are returned periodically.

## Dissolution/Continued Operation Decision-Making Process

July 1999	September 1999	October 1999	November 1999	December 1999	January 2000
<p><b>July 16 Board Meeting</b></p> <p><i>Formed Committees:</i></p> <p><i>Dissolution Evaluation Committee (DEC)</i></p> <p><i>Community Outreach Committee (COC)</i></p>	<p><b>September 13 Board Meeting</b></p> <p><i>Regular Meeting</i></p>	<p><b>October 11 Board Meeting</b></p> <p><i>Regular Meeting</i></p> <p><b>October 21 Community Meeting (DEC)</b></p> <p><b>October 28 Community Meeting (COC)</b></p>	<p><b>November 8 Board Meeting</b></p> <p><i>Receive Input from Committees</i></p> <p><i>DEC and COC Reports to Board</i></p>	<p><b>December 13 Board Meeting</b></p> <p><i>Possible Decision And Board Action</i></p>	<p><b>January 10 Board Meeting</b></p> <p><i>Possible Decision And Board Action</i></p> <p><i>DEC and COC Committees Sunset</i></p>