



**Contra
Costa
County**

To: Board of Supervisors
From: David Twa, County Administrator
Date: August 1, 2017

Subject: Authorization to seek legislation to change the West Contra Healthcare District's board of directors from an elected board to an appointed board

RECOMMENDATION(S):

AUTHORIZE the County Administrator to seek legislation to modify the Health and Safety Code to change the Board of Directors for the West Contra Costa Healthcare District from an elected board of directors to a board of directors that is appointed by the Board of Supervisors.

FISCAL IMPACT:

The costs of seeking legislation are minimal. Because the West Contra Costa Healthcare District will remain a distinct legal entity, separate from the County, all costs pertaining to the West Contra Costa Healthcare District's governance will be paid from its funds.

BACKGROUND:

The West Contra Costa Healthcare District (the "District") filed for chapter 9 bankruptcy on October 20, 2016. Through the bankruptcy, the District is seeking the bankruptcy court's approval of a plan that will allow the District to modify its debts and on-going costs so that it may emerge from bankruptcy. After the District emerges from bankruptcy, which is estimated to occur by the end of 2017, it will begin the process of repaying creditors. Certain payments under the proposed plan will be made over a series of years. For example,

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **08/01/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 1, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stephanie Mello, Deputy

Contact: Rebecca Hooley (925)
335-1854

the District's obligations related to certain bonds will not be retired until approximately 2042.

BACKGROUND: (CONT'D)

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The District is governed by a board of directors that is elected pursuant to Health and Safety Code sections 32100 *et seq.* The cost that the District incurs in paying for these elections can be substantial. For instance, in 2014, the cost of the election for the District's board of directors was \$108,000.

To minimize the District's operating costs under the plan, the District would like to change from an elected board of directors to a board of directors that is appointed by the Board of Supervisors. To assist the District emerge from bankruptcy, the County Administrator recommends seeking legislation that would support such a change. The legislation could be draft to permit one or more members of the Board of Supervisors sit as on the District's Board of Directors.

CONSEQUENCE OF NEGATIVE ACTION:

If the Board of Supervisors does not approve this recommendation, then the District will have more difficulty emerging from bankruptcy.