



**Contra  
Costa  
County**

To: Board of Supervisors  
From: David Twa, County Administrator  
Date: September 12, 2017

Subject: Cast ballot on behalf of the County accepting the West Contra Costa Healthcare District's First Amended Plan for the Adjustment of Debts

**RECOMMENDATION(S):**

APPROVE and AUTHORIZE the County Administrator, or designee, to cast a ballot on behalf of the County accepting the West Contra Costa Healthcare District's First Amended Plan for the Adjustment of Debts, under which the County would recover fifty-percent of the amount that the District owes it for election and healthcare costs, in the amount of \$218,132.50, and the County's rights to revenues received pursuant to certain tax sharing agreements would be unaltered.

**FISCAL IMPACT:**

The County would recover \$218,132.50 of the \$436,265.01 that the District owes it for election and healthcare costs.

**BACKGROUND:**

On October 20, 2016, the West Contra Costa Healthcare District (the "District") filed a petition to initiate a chapter 9 bankruptcy proceeding in the United States Bankruptcy Court for the Northern District of California (the "Bankruptcy Court"). At the same time, the District filed a list of creditors that included Contra Costa County. It stated that it owed the following debts to the County: \$19,449,149 related to certain ad valorem property tax

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

Action of Board On: **09/12/2017** ☒ 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: September 12, 2017

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

Contact: Rebecca Hooley, Deputy  
County Counsel 925-335-1854

By: Stephanie Mello, Deputy

sharing agreements; \$413,920 related to services provided by the Contra Costa County Elections Department ; and \$22,345 for TB services provided by the Public Health lab of the Contra Costa County Health Services Department. On January 27, 2017, the County filed a claim with the Bankruptcy Court.

## BACKGROUND: (CONT'D)

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On July 21, 2017, the District filed a First Amended Plan for the Adjustment of Debts dated July 21, 2017 (the “Plan”), which sets forth its plan for resolving its outstanding debt. By an order dated August 8, 2017, the Bankruptcy Court: (a) approved the District’s First Amended Statement Describing the Plan; and (b) authorized the District to solicit votes on the Plan.

Under Section 4.2 of the Plan, the County will receive \$218,132.50 of the \$436,265.01 (50%) that the District owes the County for election and health care services. These monies will be delivered within twenty-four months of the effective date of the Plan. Under the same provision of the Plan, the County’s rights remain unaltered as to *ad valorem* tax revenues received by the County pursuant to the tax sharing agreements between the District and County, including, without limitation, the Second Amendment to the Amended and Restated Second Agreement of Property Tax Transfer from West Contra Healthcare District to Contra Costa County dated May 3, 2016, and the First Amendment to Third Agreement for Property Tax Transfer from West Contra Costa Healthcare District to Contra Costa County dated May 3, 2016.

The Plan proposes various other actions to help the District emerge from bankruptcy. For instance, the Plan discounts the claims of numerous unsecured creditors, rejects certain leases and seeks authorization to close the sale of the District’s hospital (formerly, Doctor’s Medical Center).

On August 11, 2017, the District sent the County a ballot to be used to vote to accept or reject the Plan. To be counted, cast ballots must be received by the District’s counsel by September 18, 2017. After the cast ballots are tabulated, a hearing on confirmation of the Plan will commence in Bankruptcy Court on October 12, 2017.

## CONSEQUENCE OF NEGATIVE ACTION:

If the Board of Supervisors does not approve this recommendation, then the District may not have sufficient votes for court approval of the Plan.

## ATTACHMENTS

Ballot