



Contra
Costa
County

To: Board of Supervisors
From: Anna Roth, Health Services Director
Date: May 21, 2019

Subject: Approve the West Contra Costa Healthcare District (Fund 213500) to be Interest Bearing

RECOMMENDATION(S):

AUTHORIZE the West Contra Costa Healthcare District (Fund 213500) to be an interest bearing account.

FISCAL IMPACT:

Approval of this recommendation would provide that interest earned on the cash balance of this fund would be accrued within the District fund rather than going to the General Fund.

BACKGROUND:

The West Contra Costa Healthcare District (the “District”) struggled financially for decades, experiencing increasing costs, declining reimbursements, and growing service demand from uninsured and underinsured populations. After emerging from bankruptcy in 2006, the District fell deeper into debt. In 2015, it closed its hospital, Doctors Medical Center, which was a full-service acute care facility with 124 general acute care beds.

On October 20, 2016, the District again filed for bankruptcy under chapter 9 of the Bankruptcy Code. Through the bankruptcy, the District sought the bankruptcy court’s approval of a plan that allowed the District to modify its debts and on-going costs,

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

Action of Board On: **05/21/2019** ☒ 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: May 21, 2019

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

By: Stephanie Mello, Deputy

Contact: Patrick Godley,
925-957-5405

BACKGROUND: (CONT'D)

emerge from bankruptcy, and begin the process of repaying creditors. The bankruptcy court approved the District's Plan of Adjustment on January 2, 2018, allowing the District to repay certain creditors over a series of years.

Senate Bill 522 was introduced by Senator Steve Glazer and proposed the dissolution of the existing elected board of directors of the District, effective January 1, 2019, and required that the Board of Supervisors of the County, at its election, either serve as the District's governing board or appoint a governing board for the District, as specified. Governor Brown signed the bill into law on July 18, 2018. On September 11, 2018, the Board of Supervisors determined that it would serve as the governing board of the District effective January 1, 2019.

The County distributes interest earnings consistent with California Government Code Section 53844, which states that interest accrued on funds in the County Treasury shall be credited to the County General Fund unless otherwise required. Accordingly, the County does not routinely establish separate interest-bearing accounts. Consistent with the County's existing practice, interest earned to date on the West Contra Costa Healthcare District is not segregated from other interest revenue accrued to the County's General Fund. In the absence of any applicable requirements, establishing an account as interest bearing must be approved by the Board of Supervisors.

Although inconsistent with the County's current practice and not required by law, staff is recommending the Board of Supervisors approve the Department's request to establish this account as interest bearing.

CONSEQUENCE OF NEGATIVE ACTION:

The District would not earn any interest on the cash balance in the fund and would not have that money available to support healthcare services located within the District's boundaries.