City of San Leandro
Civic Center, 835 E. 14th Street
San Leandro, California 94577

Office of the Mayor 510-577-3356
FAX 510-577-3340

August 24, 2016

The Honorable Pedro Nava, Chairman
Little Hoover Commission
925 L Street, Suite 805
Sacramento, CA 95814

Dear Chairman Nava:

On behalf of the City of San Leandro, I want to take this opportunity to thank the Little Hoover Commission for hosting a public hearing on special districts. Your insight and attention to this important policy topic is greatly appreciated.

As background, one of the top legislative priorities for the City of San Leandro is finding a solution to help address the financial sustainability of the San Leandro Hospital. This hospital is not only critical to the health and well-being of our residents but also critical as an economic driver for the region. Considerable efforts have been made by the City of San Leandro, Alameda County, and Alameda Health System to keep the hospital open for the community. Alameda County and the City of San Leandro even took the unprecedented step of contributing $3 million from our General Funds - totaling $6 million - to provide emergency funding for the hospital.

With the right focus of delivering direct health services and/or providing substantial financial support to various healthcare providers and organizations in a community, healthcare districts have the potential to improve and promote the health status of underserved communities. What frustrates our City is while we stepped in to provide financial support to an important regional hospital, our local healthcare district that has considerable assets – Eden Health District - has not lived up to its prior public commitments and established agency goals to provide similar support.

From our perspective, the basic foundation for a healthcare district's existence is to provide healthcare services. Eden Health District was established in 1948 for this purpose. However, it no longer owns or operates a hospital, nor does it provide any direct health services to the public. That is the basis for our sponsored legislation, AB 2737 from Assembly Member Bonta. The underlying premise of that legislation is that when a healthcare district isn't following such a basic tenet, rules need to be established to protect the community's interests. We can at least, through legislation, ensure the public receives direct health care support, which is the purpose of a healthcare district.

Unfortunately, within Alameda County the condition has worsened and cities such as San Leandro and others need help to ensure our public hospitals are fully operating. With regards to the purview and support of the Little Hoover Commission, we respectfully request an update to the 2000 report on special districts as well as the implementation

of your previously adopted recommendations. These recommendations will help us seek relief from a non-functioning special district who has sufficient assets to assist local hospitals within their district boundaries.
The recommendations found on page 51 of the Little Hoover Commission's 2000 report, which are attached to this letter, still hold true. Those recommendations include:

1. **Require LAFCO review.** "When the fundamental mission of a special district changes — such as when a hospital district sells, leases or closes its hospital - LAFCOs should be required to initiate a process to determine if the district should continue to exist."
2. **Create analytical tools.** "The State should develop a specific methodology for assessing which of these hospital districts should be dissolved and how remaining functions could be more efficiently administered."
3. **Create Incentives**. "The State could offer incentives for communities to reorganize districts that no longer operate hospitals. State legislation could return property tax revenues to counties upon the dissolution of a health care district that has no successor agency."

We need to ensure that healthcare services for our residents are adequately provided, and if there are antiquated health care districts that are not addressing this need, then appropriate steps need to be taken. On behalf of the City of San Leandro, I would like to thank you for your leadership on this important policy topic and I look forward to working with the Commission on next steps.

Sincerely,

Pauline Russo Cutter

Pauline Russo Cutter
Mayor, City of San Leandro