



# City of San Leandro

Meeting Date: November 5, 2012

## Staff Report

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**File Number:** 12-529

**Agenda Section:** ACTION ITEMS

**Agenda Number:** 10.B.

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** Chris Zapata  
City Manager

**FINANCE REVIEW:** Not Applicable

**TITLE:** Review of Proposal from Alameda County Medical Center for a Three-Year Financial commitment from the City of San Leandro, Combined with Financial Contributions from the County of Alameda and Eden Township Healthcare District, to Prevent the Potential Closure of San Leandro Hospital and to Maintain the Facility as an Acute Care Hospital with 24 Hour, 7 Days a Week Emergency Services under the Ownership and Operation of the Alameda County Medical Center

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This staff report is to provide information as you consider assisting in the continued service provided by San Leandro Hospital in our community.

### BACKGROUND

San Leandro Hospital (SLH) has been under duress for an extended time due to financial and legal challenges. As this is a critical community service and economic activity generator, the San Leandro City Council formed an Ad-Hoc Committee consisting of Mayor Cassidy, Vice Mayor Gregory and Councilmember Reed to assess the current situation.

The Ad-Hoc Committee held public meetings and stakeholder meetings to gain information in a number of areas. In October, the Ad-Hoc Committee reported out to the City Council along with representatives of the Eden Township Healthcare District. The City Council asked a number of questions such as:

- Financial amount needed to keep SLH running with current services?
- What other stakeholders have been asked to participate besides Eden Township?
- Proposed timelines for decisions by potential participants?
- Implementation/impact and potential success of a local parcel tax?
- Potential expansion plans and 4th floor usage of facility?

The City Council also requested a public discussion on a potential business plan with

Alameda County Medical Center (ACMC) Chief Executive Officer Wright Lassiter at the November 5 Council meeting.

Eden Township District, Alameda County Supervisor Wilma Chan, and ACMC CEO Wright Lassiter have been working diligently with the Ad-Hoc Committee over the past six months to provide information and potential solutions to this long standing community conundrum.

## **DISCUSSION**

The impact of SLH as a vital service provider and economic asset to the community is understood. As such, the analysis of a potential short-term financial commitment is made with that in mind.

The City Charter and Municipal Code of the City, as well as the City Council, determine activities and investment in the community. The City of San Leandro provides services to the community and region via a number of departments and programs such as public safety, infrastructure, library and recreation services. The City also provides for planning and development, as well as maintenance of facilities. Internally there are a number of areas for which the City is responsible such as finances, record keeping, and compliance with various local, state and federal laws.

The City Council adopts an annual budget which provides a revenue and expenditure plan for these activities, as well as prudent oversight of taxpayer dollars. In addition, the City Council holds regular meetings for public involvement in government including an annual planning session to set goals for the year which drive the formation of the fiscal year budget.

At the February 2012 Planning Session, the City Council adopted six goals after receiving financial and department information. The financial data provided to the Council projected difficult budget environments going forward due to an uncertain economic environment, temporary nature of Measure Z and rising employee costs. The department information showed an increased demand for basic services that created a significant challenge due to 70 less employees in the organization. It is important to note that without Measure Z, which provides \$4,000,000 annually and the attrition of 90 employees, San Leandro's structural deficit which was projected at approximately \$2,000,000 per year would be exponentially greater.

Also in February of 2012, San Leandro and cities across California were faced to deal with the loss of redevelopment due to state laws and court rulings affirming those laws. This resulted in approximately \$14,000,000 in revenue leaving San Leandro's municipal budget.

As a result of the City Council goals, direction has been given to staff to implement an annual budget in 2012/2013 that deals with the day to day project and service needs, as well as achieves sustainability. Sustainability is increasingly difficult to obtain given economic uncertainty globally and nationally.

Regarding potential participation in a partnership to keep SLH, the City has much uncertainty of its own, large commitments and many unmet needs. Direct City participation in health care facility financing is a rarely traveled area for local governments. No city government in Alameda County provides direct financial support to health care providers in their respective

communities. Parcel taxes in Alameda to fund the health care facility do not rely on City of Alameda funding. Unlike the concept approval to provide a \$1.5 million dollar loan to the San Leandro Unified School District, there would be no payback to the City of San Leandro in the proposed hospital transfer to Alameda County Medical Center. The financial participation, if directed, would be taken from the City's reserve funds which saw a significant decline over the past five years and was halted last year by placing \$600,000 in at Council direction.

The City of San Leandro has also chosen to invest in technology and innovation as part of its sustainability initiative and has been successful via its private public partnership with Dr. Patrick Kennedy. Kaiser's investment in San Leandro will provide a major service and economic impact when open in 2014, support for San Leandro and San Lorenzo schools continues. However a backlog of unmet needs in roads, facilities, community maintenance and diminished programs create real challenges. Further, longstanding uncertain legal matters cloud San Leandro's financial future. Balancing these factors in a manner that benefits the community will be problematic without new resources and stable revenue.

## **RECOMMENDATION**

Due to the many unmet community and organization needs, as well as economic uncertainty, I cannot recommend support for a financial subsidy to SLH.

The City Council has the authority to direct staff to work with stakeholders as well as to make financial commitments. My recommendation is intended to provide full disclosure that should the City Council provide direction to work toward a financial package in support of keeping SLH as is for the next three years, your goal of fiscal sustainability and basic city programs and services will continue to be significantly challenged by this new initiative.

## **ATTACHMENTS**

- San Leandro Hospital Utilization 2011

**PREPARED BY:** Chris Zapata, City Manager

**San Leandro Hospital Utilization, Total Number of ED and Inpatients Visits, 2011.**

| <b>Zip</b>          | <b>Number of ED Visits</b> | <b>Inpatient Admitted through ED</b> | <b>Other Inpatient</b> | <b>Total Number of Visits</b> |                       |
|---------------------|----------------------------|--------------------------------------|------------------------|-------------------------------|-----------------------|
| 94501               | 150                        | 29                                   | 23                     | 202                           | Alameda               |
| 94541               | 886                        | 154                                  | 49                     | 1,089                         | Cherryland/Hayward    |
| 94542               | 46                         | 6                                    | 5                      | 57                            | Hayward/Castro Valley |
| 94544               | 413                        | 56                                   | 19                     | 488                           | Hayward               |
| 94545               | 139                        | 35                                   | 12                     | 186                           | Hayward               |
| 94546               | 240                        | 45                                   | 35                     | 320                           | Castro Valley         |
| 94551               | 45                         | 4                                    | 2                      | 51                            | Livermore             |
| 94560               | 49                         | 4                                    | 2                      | 55                            | Newark                |
| 94577               | 3,530                      | 613                                  | 61                     | 4,204                         | San Leandro           |
| 94578               | 3,044                      | 351                                  | 67                     | 3,462                         | San Leandro           |
| 94579               | 889                        | 258                                  | 43                     | 1,190                         | San Leandro           |
| 94580               | 738                        | 152                                  | 24                     | 914                           | San Lorenzo           |
| 94587               | 109                        | 14                                   | 7                      | 130                           | Union City            |
| 94601               | 669                        | 62                                   | 3                      | 734                           | Oakland               |
| 94602               | 237                        | 44                                   | 4                      | 285                           | Oakland               |
| 94603               | 3,576                      | 489                                  | 37                     | 4,102                         | Oakland               |
| 94605               | 2,125                      | 240                                  | 17                     | 2,382                         | Oakland               |
| 94606               | 273                        | 20                                   | 3                      | 296                           | Oakland               |
| 94607               | 235                        | 19                                   | 4                      | 258                           | Oakland               |
| 94608               | 157                        | 11                                   | 2                      | 170                           | Oakland               |
| 94609               | 123                        | 6                                    | 2                      | 131                           | Oakland               |
| 94610               | 55                         | 1                                    | 2                      | 58                            | Oakland               |
| 94612               | 165                        | 13                                   | 3                      | 181                           | Oakland               |
| 94619               | 200                        | 24                                   | 3                      | 227                           | Oakland               |
| 94621               | 2,447                      | 295                                  | 17                     | 2,759                         | Oakland               |
| All other Zip Codes | 490                        | 65                                   | 27                     | 582                           |                       |
| <b>Total</b>        | <b>21,030</b>              | <b>3,010</b>                         | <b>473</b>             | <b>24,513</b>                 |                       |

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**San Leandro Hospital Utilization, Total Number of ED and Inpatients Visits, 2011.**

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| <b>City or Place</b> | <b>Number of ED Visits</b> | <b>Inpatient Admitted through ED</b> | <b>Other Inpatient</b> | <b>Total Number of Visits</b> | <b>% of Total Visits</b> |
|----------------------|----------------------------|--------------------------------------|------------------------|-------------------------------|--------------------------|
| Alameda              | 171                        | 38                                   | 30                     | 239                           | 1.0%                     |
| Albany               | 3                          | 0                                    | 0                      | 3                             | 0.0%                     |
| Ashland              | 1,245                      | 162                                  | 30                     | 1,438                         | 5.9%                     |
| Berkeley             | 158                        | 9                                    | 1                      | 168                           | 0.7%                     |
| Castro Valley        | 790                        | 115                                  | 50                     | 955                           | 3.9%                     |
| Cherryland           | 214                        | 37                                   | 12                     | 263                           | 1.1%                     |
| Dublin               | 44                         | 1                                    | 2                      | 47                            | 0.2%                     |
| Emeryville           | 56                         | 4                                    | 1                      | 61                            | 0.2%                     |
| Fairview             | 138                        | 24                                   | 8                      | 169                           | 0.7%                     |
| Fremont              | 110                        | 14                                   | 3                      | 127                           | 0.5%                     |
| Hayward              | 1,011                      | 169                                  | 59                     | 1,239                         | 5.1%                     |
| Livermore            | 71                         | 7                                    | 4                      | 82                            | 0.3%                     |
| Newark               | 49                         | 4                                    | 2                      | 55                            | 0.2%                     |
| Oakland              | 10,256                     | 1,230                                | 101                    | 11,588                        | 47.3%                    |
| Piedmont             | 13                         | 2                                    | 1                      | 16                            | 0.1%                     |
| Pleasanton           | 30                         | 7                                    | 2                      | 39                            | 0.2%                     |
| San Leandro          | 5,905                      | 1,042                                | 137                    | 7,084                         | 28.9%                    |
| San Lorenzo          | 592                        | 120                                  | 20                     | 732                           | 3.0%                     |
| Sunol                | 2                          | 0                                    | 0                      | 2                             | 0.0%                     |
| Union City           | 109                        | 14                                   | 7                      | 130                           | 0.5%                     |
| Remainder of County  | 61                         | 11                                   | 4                      | 75                            | 0.3%                     |
| <b>Total</b>         | <b>21,030</b>              | <b>3,010</b>                         | <b>473</b>             | <b>24,513</b>                 | <b>100.0%</b>            |

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