



Legislation Text

File #: 14-233, **Version:** 1

Staff Report for a Resolution Approving the Hospital Services Grant Agreement and Authorizing the City Manager to Execute the Same with the Alameda Health System to Subsidize the Emergency Services Department and Acute In-Patient Services at the San Leandro Hospital in the Amount of \$1,000,000 Per Year for Three Years, for a Total of \$3,000,000

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council approve a resolution that approves and authorizes the City Manager to execute a Hospital Services Grant Agreement that grants \$1,000,000 per year over three years for a total of \$3,000,000 from the City to the Alameda Health System to subsidize the operation of an Emergency Services Department and Acute In-Patient Services at the San Leandro Hospital.

BACKGROUND

Upon the changeover of San Leandro Hospital during fiscal year 2011-2012 from Sutter Health to the Alameda County Medical Center, acting as the Alameda Health System, the City Council had concerns about impacts to City residents' health and welfare related to the viability of the emergency services department and the continued provision of acute in-patient services at the San Leandro Hospital. On November 5, 2012, the City Council took action in the interests of public health, safety, and welfare to approve an agreement in principle to grant \$1,000,000 per year for three years for a total of \$3,000,000 to the Alameda Health System to subsidize the operation of an emergency services department and acute in-patient services at the San Leandro Hospital. Upon the City Council's action, the City Manager and City Attorney began negotiations with Alameda Health System, which culminated in the Agreement now before the City Council.

Analysis

In accordance with the City Council's direction, the Hospital Services Grant Agreement memorializes conditional payments of \$1,000,000 per year for three years, for a total of \$3,000,000, from the City to the Alameda Health System (AHS) to subsidize the emergency services department and acute in-patient services at San Leandro Hospital. The term of the Agreement commences June 30, 2014, the due date of the first \$1,000,000 grant payment, and continues until June 30, 2016, the date of the final \$1,000,000 grant payment. The Agreement automatically terminates thereafter. The payments are conditioned upon Alameda Health System maintaining an emergency services department and acute in-patient services at San Leandro Hospital. If either or both of those two services cease to exist at San Leandro Hospital during the three-year period, the City may terminate the Agreement, and any forthcoming subsidy payments. Although the City has no control now, and will not gain any control over Alameda Health System or the management and operation of San Leandro Hospital by approving the Agreement, it was the City Council's stated intent on November 5, 2012 that the subsidy should assist Alameda Health System in the transition of San Leandro Hospital from its previous management under Sutter Health to AHS, and that emergency services and acute in-patient

services must continue at the San Leandro Hospital, or else the subsidy payments would terminate. The negotiated agreement captures that intent.

Previous City Council Action

On November 5, 2012, the City Council by motion approved an agreement in principle to grant a financial subsidy of up to \$1,000,000 per year for three years in support of San Leandro Hospital, and further authorized the City Manager to enter into time limited negotiations with the Alameda County Medical Center to reach an agreement, subject to the approval of the City Council, on the terms of the subsidy.

Legal Analysis

The City Attorney assisted in the negotiations, and review of the DRAFT agreement, and finds that it meets the City Council's action on November 5, 2012, such that it is approved as to form.

Fiscal Impacts

The \$1,000,000 per year over the next three years for a total of \$3,000,000 will be paid out of Account No. 010-14-010, General Fund unrestricted reserves. It is the Finance Director's opinion that the City has enough in this account to meet this obligation for the agreed upon term. The use of the unrestricted reserve will cause the City to fall short of its Reserve Guideline to retain a 20 percent reserve in its operating expenditures in the forthcoming fiscal year.

ATTACHMENT

- Draft of the Hospital Services Grant Agreement

PREPARED BY: Richard D. Pio Roda, City Attorney