

# ***EXECUTIVE OFFICER'S REPORT***

## ***To The Local Agency Formation Commission***

**TO:**

Commissioner	<b>DON CAMPBELL</b>	(Chair)	[City]	Commissioner	<b>MICHAEL KELLEY</b>	[Supervisor]
Commissioner	<b>JASON JACKSON</b>	(Vice-Chair)	[City]	Commissioner	<b>RAY CASTILLO</b>	[Supervisor]
Commissioner	<b>DAVID WEST</b>		[Public]			
Alt Commissioner	<b>JACK TERRAZAS</b>					[Supervisor]
Alt Commissioner	<b>MARIA NAVA-FROELICH</b>					[City]
Alt Commissioner	<b>VACANT</b>					[Public]

**REPORT DATE:** February 25, 2015

**FROM:** Jurg Heuberger, AICP, CEP, Executive Officer 

**PROJECT:** Pioneer Memorial Healthcare District Service Area Plan (SAP) / Municipal Service Review (MSR) (PMHD 1-15) Update

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**HEARING DATE:** March 26, 2015 **TIME:** 8:45 AM

**AGENDA ITEM NO:** 14

**HEARING LOCATION:** El Centro City Council Chambers, 1275 Main Street, El Centro, CA

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<b>RECOMMENDATION(S)</b>	<b>BY THE EXECUTIVE OFFICER</b>	<b>(In Summary &amp; Order)</b>
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<b>OPTION #1:</b>	Approve the proposed Service Area Plan/MSR update as presented by the Executive Officer.
<b>OPTION #2:</b>	Approve the proposed Service Area Plan/MSR update as requested with modifications, following the hearing by the Commission.
<b>OPTION #3:</b>	Continue the hearing for not to exceed 70 days, (end date June 30, 2015).
<b>OPTION #4:</b>	Deny the Service Area Plan update, and provide direction to the District for corrections.

# Project Data:

## **DATA & FACTS:**

Project ID:	PMHD 1-15
Project Name:	Pioneer Memorial Healthcare District Service Area Plan Update (SAP)/MSR
Applicant/Proponent:	Pioneer Memorial Healthcare District
Application Type:	N/A
Application Filed:	N/A
Certificate of Filing:	N/A
Area/Size:	N/A (See attached district boundary map) Exhibit A
Location/Legal:	See attached Exhibit A for district boundary map
Population:	N/A
Proposed Project:	Service Area Plan (SAP) / Municipal Services Review (MSR) Update.
MSR/SAP:	The most recent version of the PMHD MSR/SAP is December 2006.

## **TAX AGREEMENT:**

Board of Supervisors Action:	N/A
City Resolution:	N/A (will be required upon notification by LAFCO)
Tax Split:	N/A

## **CEQA:**

Lead Agency:	LAFCO
Documentation:	Exempt

# ANALYSIS

## I: Legal Requirements (Historical information):

Cortese Knox Hertzberg Reorganization Act of 2000 (CKH) also referred to as Government Code 56000 et Seq. provides the legal basis for the requirement of the Sphere of Influence and the Service Area Plan being considered within the scope of this hearing.

G.C. § 56425(a) states in part; *“In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency with the county and enact policies designed to promote the logical and orderly development of areas within the sphere.”*

G.C. § 56425 (b - i) provide the frame work within which the Commission may approve the sphere of influence and the process that needs to be followed.

G.C. § 56425 (e) states in part; *“In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determination with respect to each of the following:*

- (1) The present and planned land uses in the area.*
- (2) The present and probable need for public facilities and services in the area.*
- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

G.C. § 56425 (f) is a critical new section that changed the parameters of the prior review insofar that this section now requires that; *“ Upon determination of a sphere of influence, the commission shall adopt that sphere, and shall review and update, **as necessary**, the adopted sphere **not less than once every five years**”.*

There appears to be a misconception that the agencies will have to prepare a full new plan every five years, however the intent here is to “review” the prior plan and to amend it if necessary. If there have been significant changes, or if there has been explosive growth, then certainly the amendment will be much more comprehensive.

G.C. § 56428 (a) provides the mechanism for anyone to file a request with the executive officer for an amendment to the sphere of influence. It states in part; *“Any person or local agency may file a written request with the Executive Officer requesting amendments to a sphere of influence or urban service area adopted by the Commission...”*

Again there may be some confusion in this area as there have been numerous questions about the “limitations” of the sphere and the process to amend.

It appears clear that the mandate is to review the plan at least every five years but there is no apparent restriction on the number of times that it may be amended nor is there a restriction on who can request such an amendment, there is only a process that needs to be followed. It goes without saying however that for an amendment to work it needs the consensus of the City/District, the County and the Commission.

Just as there are provisions for the addition of areas to a sphere of influence there are provisions for a process to remove an area from an approved sphere boundary. This is found in G.C. 56429.

In addition to the SOI process G.C. § 56430 (a - d) now addresses the requirement for the review of municipal services which in our case has been referred to for nearly a decade as the Service Area Plan (SAP).

G.C. § 56430 (a) states; *“In order to prepare and to update spheres of influence in accordance with § 56425, the Commission shall conduct a service review of the municipal services provide in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub region, or any other geographic area as its appropriate for an analysis of the service or service to be reviewed and shall prepare a written statement of its determination with respect to each of the following:*

- 1) *Infrastructure needs or deficiencies.*
- 2) *Growth and population projections for the affected area.*
- 3) *Financing constraints and opportunities.*
- 4) *Cost avoidance opportunities.*
- 5) *Opportunities for rate restructuring.*
- 6) *Opportunities for shared facilities*
- 7) *Governmental structure options, including advantages and disadvantages of consolidation or reorganization of service providers.*
- 8) *Evaluation of management efficiencies*
- 9) *Local accountability and governance.”*

G.C. § 56430 (d) also required that the Office of Planning and Research of the State, in consultation with the Commissions, and the California Association of LAFCO's and other governmental agencies, SHALL prepare a comprehensive set of guidelines for service reviews by July 1, 2001. Unfortunately there has not been a final set of guidelines adopted by the state at this time, although a very complete and “almost” final version has been distributed by the State. Since these guidelines are voluminous a full text copy is not attached to the report however there is a PDF copy on the CD rom that has been provided to each commissioner and every interested party. Furthermore, the Executive Officer has urged the various entities to utilize the “draft final” version as a guide to preparing the SOI and SAP.

## **II: The PLAN as submitted:**

The District has prepared and has presented to the Commission a comprehensive Service Area Plan (SAP). The full plan (hard copy) is not attached to all recipients of this report, only to the Commissioners; however a copy of the full plan is available on the CD-rom in PDF format. Therefore anyone that has a copy of the CD can view the plan.

## **III: District Approvals:**

Pending and to be required upon adoption by the LAFCO.

## **IV: CEQA:**

It is argued and it is the Executive Officers opinion that the Service Area Plan fit within one or more “exemptions” under the provisions of CEQA, not the least of which is the possible determination that this process is “not a project”.

**V: Analysis by the Executive Officer / Determinations by the COMMISSION:**

G.C. § 56425 (e) states in part; *"In determining the sphere of influence of each local agency, the Commission shall consider and prepare a written statement of its determination with respect to each of the following:*

- (1) *The present and planned land uses in the area.*
- (2) *The present and probable need for public facilities and services in the area.*
- (3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- (4) *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

**Proposed findings by the Commission:**

- 1) The present land use within the boundaries of the proposed SAP includes residential, commercial, industrial, public facilities, and open space. Land uses for this District unlike a City, are covered by the County's General Plan, and the District has no direct control of land use changes. However any development approved through the regulatory agency does allow for the District to have input and potentially an ability to mitigate any direct impact. Also in the case of this District, it does generate a small land use based fee via a special tax assessment.
- 2) The present services provided by the District are specifically "health care" services primarily through the operation of an established Hospital and tangential services.

Medical services provided in Imperial County are currently provided directly by two hospitals, being PMH and ECMRC along with numerous clinics and private physicians. PMH is one of two hospital districts with HMHD being the second although HMHD does not operate an actual hospital at this time. ECMRC is a City of El Centro owned Hospital that is governed by an appointed Hospital Board.

- 3) As noted above medical services in Imperial County are provided by a multitude of providers but only PMH and ECRMC provide actual Hospital services. Although the population for Imperial County is a mere 170 k (+/-) is this adequate. That question becomes more difficult given the large number of people that seek medical service outside the county and the lack of a comprehensive study on why.

Focusing simply on the district boundary, is PMH providing adequate services and again that is a complicated question because residents of the district have other choices for various reasons. Certainly no information that we are aware of indicates that PMH is over capacity, has turned volumes of people away due to lack of capacity etc..

The reality however is that medical services particularly Hospital services are expensive to provide and without sufficient clientele and resources the Hospital may suffer financial crisis that would adversely affect services.

If we look at the financials provided, it is obvious that the District has financial issues and although the most current audit financials are better than the previous, it is also obvious that the District does not have the luxury of a) a huge reserve; b) a dependent high level of donors as is the case in larger hospitals to the west; c) an optimistic revenue source from state/federal agencies; or other somewhat guaranteed income streams other than service dependent revenues. These of course are difficult to quantify and always face the difficulty of collecting full value.

- 4) There are no known social or economic communities of interest in the area.

**VI: Public Notice:**

Public notice for the proposed project hearing before the Imperial County Local Agency Formation Commission has been given, according to § 56427. Notice was issued in the form of a publication in the IV Press at least twenty-one (21) days prior or said hearing and posted on our webpage.

**VII: Report:**

In accordance with § 56665, the Executive Officer has prepared a report, and presented said report to your Commission and to any public member requesting such report. In addition, a copy of said report has been issued to the District and any party requesting a copy.

**VIII: Conflict of Interest Statement:**

To date (at the writing of this report, February 25, 2015) no Commissioner has indicated that there is any conflict of interest with regard to this project, nor has any Commissioner reported any communications with the Applicant, Proponent or Opponent. The Commissioners will be asked to declare that during and prior to the public hearing.

The Executive Officer does not have any type of known conflict of interest or financial gain as a result of this project and owns no property in the vicinity.

## EXECUTIVE OFFICERS RECOMMENDATION

### RECOMMENDATION:

It is the recommendation of the Executive Officer that LAFCO conduct a public hearing and consider all information presented in both written and oral form. The Executive Officer then recommends, assuming no significant public input warrants to the contrary, that LAFCO take the following action;

- I: Certify that the Service Area Plan is exempt from CEQA.
- II: Make the finding that this Service Area Plan is in substantial compliance with the provisions of the Cortese-Knox-Hertzberg Reorganization Act of 2000 and the Imperial LAFCO Policy and Procedures.
- III: Make the findings pursuant to Government Code Section 56425 that:
  - a. The Service Area Plan has been reviewed by the Executive Officer and the Commission and the District's proposals for expansion will provide the capacity and ability to provide services within the area.
  - b. The Service Area Plan will provide for logical and orderly continued operation of the District and will provide the necessary health care to the residents of the District.
  - c. The Sphere of Influence currently adopted remains adequate for the District and no boundary change is included or intended with this update.
- IV: The Commission finds that, the present land uses within the boundaries of the Service Area Plan are residential, commercial, industrial public facilities, and open space. The land uses intended for these areas were planned by the County to be within the framework of the County's General Plan guidelines.

The Commission finds that, the present services available to the areas within the proposed boundaries are limited to those identified in the attached. Any expansion of services by the District, other than those listed herein would require LAFCO approval.

The Commission finds that the Service Area Plan as provided by the District has the ability to provide services within its current and proposed boundary limits and the document provided indicates that the District has a plan whereby it can provide these services. .

The Commission finds that, there are no known social or economic communities of interest in the areas.
- V: Since there have been no protests received, the Commission adopts and approves the revised Service Area Plan as attached.

### **LAFCO Policy:**

The proposed Sphere of Influence and Service Area Plan appears to be consistent with the Cortese-Knox-Hertzberg Reorganization Act of 2000, the Imperial LAFCO Policies and Procedures and the County of Imperial General Plan (Chapter IV. B. of LAFCO's Policies, Standards and Procedures). Furthermore, the District has (according to the Service Area Plan) the ability to supply the necessary public service, and has assured LAFCO that it has the capacity to service the areas.

***NOTE: All "cc" submittals are the Executive Officer's Report only. Attachments are generally too voluminous and are only supplied on CD. Information about the project may also be found on the LAFCO web page at [www.iclafco.com](http://www.iclafco.com).***

CC: PMH

### **ATTACHMENTS:**

EXHIBIT A – Draft Service Area Plan