



Item #: 7

Project: Discussion/Action/Direction regarding a County Wide Healthcare District, either as an expansion of Pioneer's Memorial Healthcare District or as a "new" District

Meeting Date: Thursday, March 23, 2023

Meeting Time: 08:30 a.m.

Location: El Centro City Council Chambers
1275 W. Main Street
El Centro, CA 92243



EXECUTIVE OFFICER'S REPORT

COMMISSIONERS

David H. West, Chair [Public]
Maria Nava-Froelich, Vice-Chair [City]
Javier Moreno [City]
Ryan Kelley [County]
Michael W. Kelley [County]

ALTERNATES

Jose Landeros [Public]
Robert Amparano [City]
Jesus E. Escobar [County]

REPORT DATE: March 7, 2023

FROM: Jurg Heuberger, Executive Officer
Paula Graf, Sr. Analyst

Handwritten signatures in blue ink for Jurg Heuberger and Paula Graf.

PROJECT: Discussion/Action/Direction regarding a County Wide Healthcare District, either as an expansion of Pioneers Memorial Healthcare District or the formation of a "new district."

HEARING DATE: March 23, 2023

TIME: 08:30 a.m.

AGENDA ITEM #: 7

HEARING LOCATION: El Centro City Council Chambers, 1275 Main St.,
El Centro, CA 92243

RECOMMENDATION(S) BY THE EXECUTIVE OFFICER (In Summary & Order)

OPTION #1: Direct the Executive Officer to Proceed with the request to expand the boundaries of the Pioneer's Memorial Healthcare District unless withdrawn by PMHD.

OPTION #2: Take no further action on such a formation.

ANAYLSIS/REPORT

On February 2nd, 2023, LAFCO hosted a meeting between Pioneers Memorial Health Care District (PMHD), Heffernan Memorial Health Care District (HMHD), and El Centro Regional Medical (ECRMC) representatives as well as Commissioner Ryan Kelly and staff to discuss the possible formation of a “County Wide Health Care District”.

At this meeting we explained the process that LAFCO would follow to form a county wide health care district and emphasized that for this process one of the first steps would be to perform a “fiscal” analysis of what the future district would have to envision. Note this did not include building a new hospital, only the formation of a district that would operate both the PMHD and ECRMC facilities.

PMHD submitted a resolution requesting the expansion of the PMHD to cover the county, a copy of which is attached as **EXHIBIT A**. ECRMC representatives indicated that they would pursue a legislative approach rather than the LAFCO process.

Staff agreed to contact a consultant that we had used to perform the Master Tax Sharing study to see if they could do such a fiscal analysis and obtain an estimated cost.

Subsequently, Commissioner R. Kelley in his capacity as a County Supervisor, with the support of the PMHD, ECRMC and HMHD requested and obtained a commitment from the County Board of Supervisors to help fund the fiscal study necessary to get the LAFCO process going forward, a copy of which is attached as **EXHIBIT B**.

Staff sent a letter to both ECRMC and PMHD requesting financial information on their operations to start the data gathering for a fiscal analysis, a copy of which is attached as **EXHIBIT C**.

The City of El Centro subsequently responded to our letter dated Feb. 21, 2023, a copy of which is attached as **EXHIBIT D**. Essentially El Centro made it clear that they did not intend to work with LAFCO on the formation of such a district and instead initiated State Legislation through Assemblyman Garcia who introduced Assembly Bill 918, a copy of which is attached as **EXHIBIT E**. Allegedly this was only a “placeholder” bill.

HISTORICAL INFORMATION ON FORMING A COUNTY WIDE HEALTH CARE DISTRICT

Previous attempts have been made to form a county wide health care district. The most recent prior attempt was in the mid 1990's when then County Supervisor Wayne Van De Graaff requested that the Executive Officer attempt to form such a district.

For over a year a number of meetings were held with the three (same) stakeholders. In addition, Supervisor Van De Graaff obtained support from a local land owner to “offer” about 40 acres just east of the Imperial Valley College for a new hospital should a county wide entity be formed. Said landowner offered to give this new district free of charge the 40 acres.

Unfortunately, after countless meetings and hours of discussions ECRMC made it clear that they would not support the formation of a county wide district and PMHD although at times supportive also decided that it was not in their best interest. At that point the matter was dropped.

CONCLUSION:

It is clear that PMHD and HMHD are both "districts" that fall under the jurisdiction of the LAFCO. ECRMC is not a district as it is a city owned hospital and therefore not subject to LAFCO's direct involvement. However, the City of El Centro, the owner of the Hospital is still subject to the requirements of Gov. Code 56000 et seq.

The formation of a new district or the expansion of a district are subject to LAFCO regulations. In prior years special legislation that has sought to sidestep the LAFCO process, in various other counties has been strenuously opposed by the CALFACO organization. If El Centro through Assemblyman Garcia continues to seek legislation to form a new district the CALAFCO organization may take a position.

Lastly if the intent is to levy a tax for such a new legislatively created district, likewise if the PMHD request proceeds through the LAFCO it would ultimately come to a vote of the registered voters.

At this time, we have a PMHD resolution requesting action which as of this writing has not been withdrawn.

LAFCO certainly has the authority to proceed with this request whether ECRMC participates or not. PMHD has every right to request an expansion of their district and LAFCO has every right to consider and either approve or deny such a request.

Since ECRMC is not a district it would be permissible to include any and all areas of the county including the City of El Centro.

However, since HMHD is a valid district there would be a problem expanding PMHD over the same area already covered by HMHD. The only way the PMHD expansion could cover the HMHD area would be if we concurrently dissolved the HMHD.

There is no doubt that the county residents need a viable and quality health care service. If one or both of the current providers were to cease operations, there would be a significant health care problem in this valley. There is also no doubt that ECRMC has significant financial problems that could affect its ongoing operations.

At this time LAFCO could proceed with the request filed by PMHD unless withdrawn.

EXECUTIVE OFFICERS 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:

OPTION #1: Proceed with the request to expand the boundaries of the Pioneer's Memorial Healthcare District.

Exhibit A: PMHD Resolution

Exhibit B: BOS Minute Order #23

Exhibit C: Memo to PMHD, ECRMC, El Centro City Council, IC Board of Supervisors

Exhibit D: Letter from the City of El Centro

Exhibit E: Assembly Bill 918

CC: Heffernan Memorial Healthcare District
Pioneers Memorial Healthcare District
County of Imperial, CEO
City of El Centro, Interim City Manager

EXHIBIT A

PMHD Resolution

Pioneers Memorial Healthcare District
RESOLUTION NO. 2023-02

RESOLUTION APPROVING A PRELIMINARY APPLICATION TO THE IMPERIAL COUNTY LOCAL AGENCY FORMATION COMMISSION FOR THE POTENTIAL EXPANSION OF THE PIONEERS MEMORIAL HEALTHCARE DISTRICT

WHEREAS, Pioneers Memorial Healthcare District is a healthcare institution in Imperial County and dedicated to improving patient care in the community, and

WHEREAS, Pioneers Memorial Healthcare District and El Centro Regional Medical Center are the only receiving hospitals in Imperial County, and that each agency is experiencing economic challenges, and that each campus is critical to the medical services delivery, and

WHEREAS, Imperial County Citizens are better served by a single Healthcare District System, by delivering efficiencies of scale, by elimination of service duplication, and by maximizing reimbursements for an estimated 45% Medi-Cal patient population, and

WHEREAS, Pioneers Memorial Healthcare District seeks the expansion of the special district boundaries to include all areas of Imperial County, and to prepare a new governance structure of all areas within the new district boundaries of Imperial County, and

NOW, THEREFORE, BE IT RESOLVED, that the Pioneers Memorial Healthcare District Board of Directors, in consideration of the special district expansion, approves the Resolution and pending Imperial County Local Agency Formation Commission application for the expansion of the district.

PASSED, ADOPTED AND APPROVED BY UNANIMOUS VOTE OF THE BOARD THIS 24th DAY OF JANUARY 2023

Catalina Alcantra-Santillan, President, Board of Directors
of the Pioneers Memorial Healthcare District


(Signature)

Certification

I, Aracely Smith, duly appointed and acting secretary to the Board of Directors of Pioneers Memorial Healthcare District, hereby certify that the foregoing is a true and correct copy of Resolution No. 2023-02, adopted by unanimous vote of the Board on January 24, 2023.

Aracely Smith, Clerk of the Board


Signature: 
Date: JANUARY 24, 2023

EXHIBIT B

BOS Minute Order #23

**MINUTE ORDER
OF
IMPERIAL COUNTY
BOARD OF SUPERVISORS**

Date: February 07, 2023	Book: 452	Page: 185	File #: 225.2	M.O.#: 23
Department: EXECUTIVE OFFICE			2nd Page:	

THE BOARD OF SUPERVISORS OF THE COUNTY OF IMPERIAL, STATE OF CALIFORNIA, on a motion by Supervisor : ESCOBAR , second by Supervisor : PLANCARTE and approved by the following roll call vote;

AYES : ESCOBAR, PLANCARTE, M. KELLEY, R. KELLEY, HAWK

NAYES : NONE

ABSTAINED : NONE

EXCUSED OR ABSENT : NONE

Approved Community Benefit Program Grant for Hospital District Feasibility Study in an amount not to exceed \$200,000, and approved Budget Amendment Resolution No. 22-23-075.

Topic: Hospital District Feasibility Study	X-Topic: Community Benefit Program- \$200,000
cc: <input checked="" type="checkbox"/> File <input type="checkbox"/> Behavioral Health <input type="checkbox"/> District Attorney <input type="checkbox"/> Info/Tech <input type="checkbox"/> Public Health <input type="checkbox"/> Other... <input type="checkbox"/> Ag. Comm <input checked="" type="checkbox"/> CEO <input type="checkbox"/> Facilities Manag. <input type="checkbox"/> OET <input type="checkbox"/> Public Works <input type="checkbox"/> Assessor <input type="checkbox"/> County Clerk <input type="checkbox"/> Fire/OES <input type="checkbox"/> Planning <input type="checkbox"/> Sheriff-Coroner <input checked="" type="checkbox"/> Auditor <input type="checkbox"/> County Counsel <input type="checkbox"/> HR - Risk <input type="checkbox"/> Probation <input type="checkbox"/> Social Services	

EXHIBIT C

Memo to PMHD, ECRMC, El Centro City Council, IC Board of Supervisors

memorandum

February 15, 2023

TO:

Pioneers Memorial Healthcare District; El Centro Regional Medical Center
El Centro City Council; Imperial County Board of Supervisors

FROM:

Jurg Heuberger, Executive Officer *JH*

RE:

Paula Graf, Sr. Analyst *Paula Graf*

Notice of Intent to Commence the Formation or the Expansion of a County Wide Health Care District

All:

The IC Local Agency Formation Commission has received a request to commence the process of establishing a new or expanded health care district that would encompass the entire county.

Pursuant to a meeting with the primary stakeholders on February 2nd, 2023, and with the approval of funding by the County Board of Supervisors, IC LAFCO has prepared a scope of work for a full fiscal analysis.

Additionally, we have selected a consultant to prepare the fiscal analysis which will be BAE Urban Economics, which is the same firm that prepare a prior study for LAFCO on behalf of the county and all of the cities.

Additionally, we have informed the various state and local health care entities that require notice per state regulations.

Attached is a draft of the scope of work for the fiscal analysis. If you have any suggestions or additions/deletions that you think would be appropriate for such a study please advise prior to close of business Feb. 21, 2023.

Comments received will be incorporated to the extent possible and reasonable. After February 21st, we will release the scope of work to the consultant and obtain a more detailed cost. At this time the expectation is that the overall cost will be less than \$100,000, however we will notify you of the cost prior to signing the contract.

Since the stakeholders on Feb. 2nd indicated that this was a matter of urgency, we are setting reasonable target dates, so we appreciate your immediate response.

Thank you.

APN

PROJECT ID No.

FILE ID No.

CC: Miguel Figueroa, Imperial County CEO
Blanca Acosta, Imperial County Clerk to the Board
Cedric Cesena, City of El Centro Interim City Manager
Norma Wyles, City of El Centro City Clerk

Scope of Work

Countywide Hospital District Fiscal Evaluation *Imperial County LAFCo*

1. Project Start-Up

BAE will coordinate with LAFCo staff to kick off the project. As part of this task, BAE will attend a kick-off meeting with LAFCo staff and other project stakeholders (e.g., hospital district representatives) to be identified and invited by LAFCo staff. The parties will discuss project objectives, scope, and schedule. Stakeholders will provide BAE with copies of any relevant background materials. Subsequent to the meeting, BAE will review the background materials.

2. Data Collection

For this task, BAE will coordinate with LAFCo staff and project stakeholders to collect the base data needed to conduct the analysis. This will include budget expenditure and revenue details from the last five full fiscal years, for each affected hospital district. In addition, staff from the County Assessor's office will provide BAE with a countywide parcel data set that includes key data to utilize in estimating the revenue potential from a countywide revenue measure that is based on a parcel tax type of levy. BAE, LAFCo, and hospital district staff will coordinate to collect hospital construction cost estimates from other hospital districts, for recently constructed hospital facilities that are similar to that envisioned for a new Imperial County hospital.

3. Identify Hospital Operating Funding Gap

BAE will review budget information submitted by the affected hospital districts to identify their recent trends in expenditures, revenues, and net operating income/loss. BAE will use this information to develop an estimate of the current countywide hospital district annual net operating deficit, to establish a target revenue amount from a new countywide hospital district levy that would be sufficient to fill the operating deficit.

4. Estimate Hospital Construction Debt Service Requirements

Based on construction cost data from other recently constructed, similar facilities, BAE will develop an estimate of the construction cost for a new hospital facility in Imperial County. Based on the one-time capital cost, BAE will develop assumptions about a financing structure and estimate the annual debt service requirements to finance the construction project.

5. Evaluation of Funding Potential from Countywide Hospital District

Based on the total annual operating funding gap identified in Task 3, plus the annual construction debt service amount estimated in Task 4, BAE will identify the total annual

revenues that a new countywide hospital levy would need to collect. Then, BAE will utilize the Assessor's parcel data to develop a tax allocation model that would spread the annual tax revenue burden across the countywide taxable parcels in a reasonable and equitable manner. For this task BAE will develop up to three different taxing schedules, by property type, that would generate an adequate annual funding amount. BAE will then consider the new tax burden associated with the hospital tax levy in comparison to existing tax burden and the size of levies for other services provided within the County to evaluate the viability of a potential new hospital tax levy.

6. Prepare Draft and Final Report

BAE will prepare a technical memo to document the research, analysis, and findings from the scope of work. The memo will include data tables, narrative text, and graphs/charts as appropriate to convey the results. BAE will prepare and submit a draft report. BAE's project manager will be available to discuss the draft report, answer questions and solicit feedback. Upon receipt of a single, consolidated set of comments on the draft report, BAE will make revisions as appropriate and submit a final report for LAFCo's use.

7. Meetings and Presentations

BAE's project manager will be available to meet with LAFCo staff and other stakeholders via teleconference or web meeting as needed to coordinate data collection, discuss project progress and interim results, and other topics as necessary during the course of the project. BAE's project manager will also be available to make up to two formal presentations of the project findings.

Assumptions

1. Hospital districts will provide budget expenditure, revenue, and operating surplus/deficit figures for most recent three fiscal years. Hospital district staff will be available for consultation with BAE to answer question about the budgets and provide insights into the revenue and expenditure data and the revenue augmentation necessary to ensure long-term fiscal sustainability. The countywide hospital district expenditure and revenue estimates will be assumed to equal the sum of the separate districts' expenditures and revenues, unless hospital district staff are able to provide BAE with specific adjustments to reflect economies of scale and/or elimination of duplicative functions.
2. The Imperial County Assessor's office will provide data files (Excel) of taxable parcels countywide, by use category, with pertinent parcel characteristics data, such as size of parcel, number of housing units, building square footage, assessed valuation, etc.
3. Staff from LAFCo and/or Hospital Districts will help to identify other hospital districts that have recently constructed hospitals comparable to the new hospital envisioned for Imperial County and will assist in obtaining construction cost data.

4. Staff from the Imperial County Counsel's office will be available to provide advice on possible tax levy structuring, and other legal questions that may arise in conjunction with the work.
5. Finance staff from Imperial County and the hospital districts will be available to provide input regarding potential construction finance structuring, financing costs, etc. for purposes of developing an estimate of the annual debt service requirements to finance construction of a new hospital.
6. BAE will submit draft and final work products in electronic format.
7. Imperial County LAFCo staff will coordinate review of the Draft Report and will provide BAE with a single, consolidated set of written comments on the Draft Report.
8. Presentations will be conducted via virtual web meetings. In-person meetings can be arranged at additional cost.

Budget

BAE will complete the scope of work above on a time-and-materials basis. BAE estimates that its costs will not exceed \$100,000; however, should it become apparent that this limit will not be sufficient to provide the analysis needed by the stakeholders for this project due to unforeseen complexity, requests for additional analysis, or other reasons, BAE will notify the client and request a budget augmentation.

EXHIBIT D

Letter from the City of El Centro



February 21, 2023

Jurg Heuberger, Executive Officer
Imperial County LAFCO
1122 State St., Suite D
E Centro, CA 92243

Re: Formation of a Countywide Healthcare District

Dear Mr. Heuberger:

This letter responds to yours of February 15, 2023, on behalf of the City of El Centro as itself and in its role as the member of the ECRMC Board and provides comments responsive to the draft scope of work for fiscal analysis.

First, based upon advice from legislators, timing, and cost concerns, the City and ECRMC support the formation of a countywide healthcare district through legislation. In addition, because ECRMC was formed pursuant to Govt. Code Section 37600 et seq. by a vote of the people of El Centro. ECRMC is not a special district subject to LAFCO. Therefore, any alteration in its form or boundaries must be done through legislation.

Second, the Scope of Work proposed by BAE refers to collecting hospital construction cost estimates for a new Imperial County hospital. Imperial County already has two hospital campuses. Once ECRMC has completed its seismic retrofit, which should occur soon, in combination with Pioneers, it will serve that area of the County. A new hospital is not needed.

Third, the Scope of Work does not reflect the application to LAFCO adopted by the resolution of the Pioneer's Hospital Board. Assumption No. 1 requires that Pioneers and ECRMC would have to provide BAE with specific adjustments to reflect economies of scale and/or elimination of duplicative function. One purpose of the Pioneer's resolution was to signal that Pioneers and ECRMC will continue to work together. We also note that there is no mention of Heffernan or healthcare services to Calexico and the surrounding area.

Office of the City Manager

1275 Main Street, El Centro, CA 92243 (760) 337-4540 Fax (760) 352-6177

For these reasons, we are notifying you that based upon the scope of work presented, neither the City nor ECRMC will participate in this proposed LAFCO action. We request that the proposal be placed on hold until it can be withdrawn.

We appreciate your efforts in allowing the City to clarify its position and in being willing to work with us.

Sincerely,

A handwritten signature in black ink, appearing to read "Cedric Ceseña". The signature is written in a cursive style with a horizontal line at the end.

Cedric Ceseña
Interim City Manager

EXHIBIT E

Assembly Bill 918

ASSEMBLY BILL

No. 918

Introduced by Assembly Member Garcia

February 14, 2023

An act relating to health care districts.

LEGISLATIVE COUNSEL'S DIGEST

AB 918, as introduced, Garcia. Health care district: County of Imperial.

Existing law, the Local Health Care District Law, authorizes the formation of health care districts, subject to specified procedures, including those relating to district formation elections and a board of directors. Under existing law, a district is authorized to include incorporated or unincorporated territory, or both, or territory in any one or more counties. Existing law sets forth various powers for a district, including, among others, establishing, maintaining, and operating, or providing assistance in the operation of, one or more health facilities or health services.

This bill would state the intent of the Legislature to enact legislation relating to the creation of a health care district in accordance with the boundaries of the County of Imperial.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation relating to the creation of a health care district in
- 3 accordance with the boundaries of the County of Imperial.

O