

October 23, 2014 (Agenda)

Local Agency Formation Commission
2301 Technology Parkway
Hollister CA 95023

**San Benito Health Care District – Municipal Service
Review and Sphere of Influence**

Dear Members of the Commission:

RECOMMENDATION

It is recommended the Commission receive this report, accept all public testimony and adopt the enclosed resolution adopting the San Benito Health Care District Sphere of Influence.

DISCUSSION

Spheres of Influence are LAFCO's plan for the future organization of local government boundaries. State law requires the Commission to adopt a Sphere of Influence for each city and special district by January 1, 2008 and every five years the commission shall, as necessary, review and update each sphere of influence.

The law further requires LAFCO to prepare a Municipal Service Review to help inform the adoption of Spheres of Influence. As part of our overall work plan the staff has undertaken a coordinated program to prepare Municipal Service Reviews and update Spheres of Influence.

Please let me know if you have any questions.

Very truly yours,



BOB BRAITMAN
Executive Officer

1. MUNICIPAL SERVICE REVIEW

Introduction

This report was prepared for the San Benito Local Agency Formation Commission (“LAFCO”) in accordance with Section 56430 of the California Government Code. It responds to the requirement that LAFCO conduct a Municipal Service Review (MSR) to study the delivery of municipal services and update the District Spheres of Influence.

The MSR describes the San Benito Health District. MSR Guidelines prepared by the State Office of Planning and Research were referred to in collecting information, performing analysis and preparing this study.

This report is an informational document and does not substitute for discretionary decisions that can only be made by the Commission. Decisions to approve or disapprove any determinations or policies rest entirely with the Commission.

Description of District

The San Benito Health Care District, formed in 1958, operates pursuant to Health and Safety Code, Section 32000-32492.

The District is governed by a five-member Board of Directors who are elected at-large from throughout the District for four-year terms. A Chief Executive Officer is responsible for administrative functions. A District organizational chart is attached.

The Chief Executive Officer heads a staff of 360 full time, 240 part time and 40 contract employees. The District office is located in the City of Hollister.

District boundaries are almost countywide, excluding a very small portion of Aromas in the northwest area of the County and excluding the Bitterwater area in the southerly most part of the County.

The LAFCO staff can find no record of the Commission ever approving a sphere of influence for the District and we recommend one be adopted at this time.

District Services

The District provides a range of hospital and health care services with 136 physicians on its medical staff. These are centered at the Hazel Hawkins Memorial Hospital, a 62-bed acute care facility, the only one serving San Benito County.

The District also operates two Skilled Nursing Facilities with 122 beds, four rural health clinics, four satellite lab draw stations/specimen drop-off sites and two specialty centers (orthopedic and multispecialty). Services include inpatient medical, 24-hour emergency,

intensive care unit, birthing center, outpatient laboratory, home health care, infusion, palliative care program, outpatient physical therapy program, outpatient diagnostic imaging center, inpatient surgery and ambulatory surgery.

The District's Mission Statement:

The San Benito Health Care District is a public agency that serves as a responsive, comprehensive health care resource for its patients, physicians and health care consumers of the community.

The District's Vision Statement:

The San Benito Health Care District is committed to meeting community health care needs with quality care in a safe and compassionate environment.

The District exhibits the characteristics of a well-managed agency operating efficiently and serving its customers effectively.

2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the statute for Municipal Service Reviews found at Government Code Section 56430.

Growth and Population Projections for the Affected Area

The District includes the great majority of the County population, a number which is anticipated to increase notably during the next twenty years.

Location and Characteristics of any Disadvantaged Unincorporated Communities

Senate Bill 244 (Wolk), effective July 1, 2013, concerns "Land Use, General Plans and Disadvantaged Communities."

While it has ramifications for some Municipal Service Reviews and Spheres of Influence, this District includes most of the County and locations of Disadvantaged Unincorporated Communities do not appear to be relevant to this MSR and Sphere of Influence.

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

The District hospital and related health care facilities appear to have sufficient capacity to serve the current population and it is apparent that ongoing facility planning occurs, such

as the Women's Center which opened in late 2013 and a Women's Diagnostic Imaging Unit that opened in mid-2014, to meet both present and future needs.

Determinations related to needs or deficiencies related to sewer or water infrastructure or fire protection are not relevant since this District does not provide such services.

Financial Ability to Provide Services

The District is funded primarily by charges for service, tax revenues, investments, grants and contributions.

Total revenues for the Fiscal Year ending June 30, 2013 were approximately \$85,747,000 (operating revenues of about \$84,000,000, non-operating revenues of about \$1,760,000). The District appears to be on a sound financial basis.

Like other healthcare districts, financing constraints and opportunities are to a large extent related to State and Federal statutes and requirements.

Status of, and Opportunities for, Shared Facilities

There are presently no pending or proposed consolidations with other agencies that would involve the District.

Accountability for community service needs including governmental structure and operational efficiencies.

As a local agency with a directly elected governing board, the District has accountability to voters with respect to the services provided by the District. The District maintains a website, posts District Board meeting notices and agendas in the lobby of the hospital and distributes newsletters to its constituents.

3 . SPHERE OF INFLUENCE REVIEW AND UPDATE

Description of Current and Proposed Sphere of Influence

The LAFCO staff can find no record of a Sphere of Influence having been adopted for this District.

It is recommended that a Sphere of Influence be approved that is coterminous with the existing District boundary.

District Boundaries

In response to the MSR Request for Information, the District responded as follows:

Do you feel that your agency's boundary is correct at this time? Yes

Are there areas your agency desires or plans to serve that are not now within its boundaries or its sphere of influence? No

Are there areas your agency currently serves that might be served more efficiently by another agency? No

The staff concurs with this response and does not identify a need to modify the District boundaries.

Sphere of Influence Determinations

Present and planned land uses in the area, including agricultural and open space lands.

The District encompasses most of the County, including urbanized areas, portions that are devoted to continued agricultural uses or large open space regions.

Present capacity of the public facilities and adequacy of public services that the agency provides or is authorized to provide

The District has sufficient capacity in its facilities to provide adequate health care and hospital-related services for the current and expected population.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

The District encompasses most of the County which constitutes a social and economic community of interest

For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal or industrial water, or structural fire protection, the present and probable need for those facilities and services of any disadvantaged unincorporated community within the existing Sphere of influence.

This determination is not relevant to this local agency.

4. ACKNOWLEDGEMENTS & REFERENCES

This Municipal Service Review / Sphere of Influence report was prepared by the San Benito LAFCO staff. Responsibility for any errors or omissions rests with those who prepared the report.

Loretta Martin, Administrative Assistant to San Benito Health Care District Chief Executive Officer Ken Underwood, provided much of the data on which this evaluation is based and cooperated in its preparation.

Background Documentation

The following documents have been reviewed in compiling this report:

- San Benito Health Care District Strategic Planning Review (August 15, 2013)
- Audited Financial Statements for Fiscal Years 2011-12 and 2012-13 prepared by TCA Partners, LLP (October 15, 2013)
- General Acute Care Hospital License for Hazel Hawkins Memorial Hospital issued by the State Department of Public Health (Effective 7/14/2014).
- Bylaws of the Board of Directors of the San Benito Health Care District (12/15/2005)
- Inventory of District Property as of September 2014
- Statistical Comparison Report of health care procedures for 6/30/14

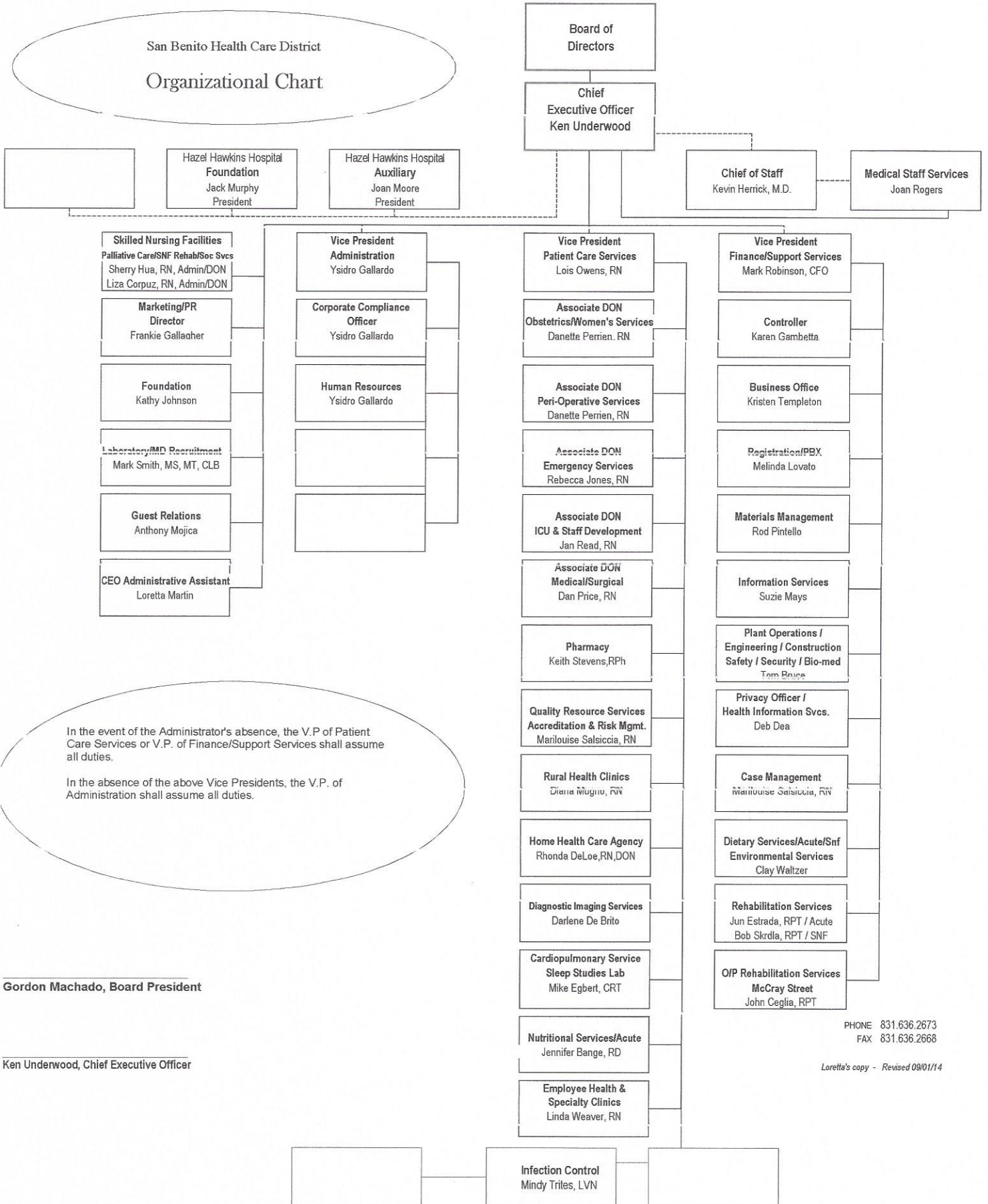
These referenced documents are considered part of this report and are available in the LAFCO office.

5 . R E C O M M E N D A T I O N S

In consideration of information gathered and evaluated during the Municipal Service Review and Sphere of Influence Update it is recommended the Commission:

- A. Receive this report and accept public testimony regarding the proposed Municipal Service Review and adoption of the Sphere of Influence.
- B. Determine that since the proposed District Sphere of Influence is identical to existing District boundaries adopting the Sphere of Influence is exempt from CEQA.
- C. Approve the recommended Municipal Service Review and Sphere of Influence determinations, together with any changes deemed appropriate.
- D. Adopt the enclosed resolution adopting the Sphere of Influence.

San Benito Health Care District
Organizational Chart



In the event of the Administrator's absence, the V.P. of Patient Care Services or V.P. of Finance/Support Services shall assume all duties.

In the absence of the above Vice Presidents, the V.P. of Administration shall assume all duties.

Gordon Machado, Board President

Ken Underwood, Chief Executive Officer

PHONE 831.636.2673
FAX 831.636.2668

Loretta's copy - Revised 09/01/14

RESOLUTION OF THE SAN BENITO LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND ADOPTING THE SPHERE OF INFLUENCE
OF THE SAN BENITO HEALTH CARE DISTRICT

WHEREAS, pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act (Government Code Section 56425 et seq.) the Commission must review and update, as necessary, adopted spheres of influence not less than once every five years, and

WHEREAS, Government Code Section 56430 directs the Commission in updating spheres of influence to conduct a review of municipal services not later than the time it is considering an action to establish or update as sphere of influence, and

WHEREAS, the Commission has conducted a municipal service review and sphere of influence study of the San Benito Health Care District, and

WHEREAS, in the manner required by law, the Executive Officer has given notice of the public hearing by the Commission on the proposal; and

WHEREAS, the Commission has heard, discussed and considered all evidence regarding this matter, including but not limited to, the Executive Officer's report, the environmental consideration, applicable general and specific plans and all testimony, correspondence and exhibits received for the public hearing, all of which are included herein by reference.

NOW THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED as follows:

1. The project before the Commission is Adoption of a Sphere of Influence and approval of a Municipal Service Review for the San Benito Health Care District.
2. The Commission as the lead agency finds the Sphere of Influence adoption to be categorically exempt from the California Environmental Quality Act (CEQA) inasmuch as the proposed Sphere of Influence is identical to the existing District boundary.
3. The Sphere of Influence of the San Benito Health Care District is hereby adopted as shown on the attached map labeled "Exhibit A."
4. This resolution was adopted on October 23, 2014 and is effective on the date signed by the Chair.

AYES:

NOES:

ABSTAINS:

Dated: _____

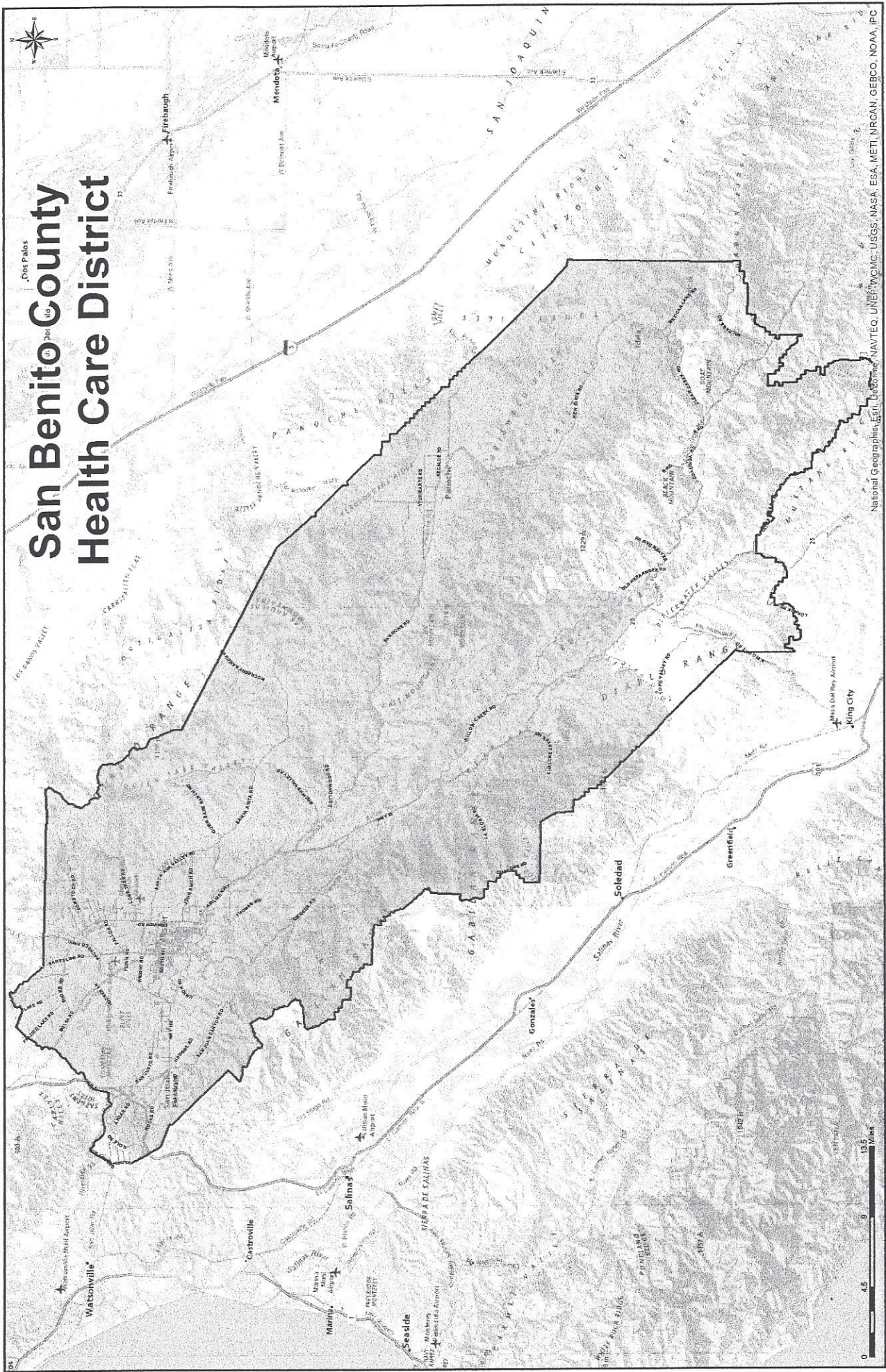
Chair

San Benito Local Agency Formation Commission

ATTEST

Bob Braitman, Executive Officer
San Benito Local Agency Formation Commission

San Benito County Health Care District



National Geographic, Esri, DeLorme, NAVTEQ, UNEP/WCMC, USGS, NASA, ESA, METI, NRCAN, GEBCO, NOAA, IPC