

**RESOLUTION NO. 1220**

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
OF THE COUNTY OF SAN MATEO  
MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE  
SECTIONS 56430 AND 56425 AND  
AMENDING THE SPHERES OF INFLUENCE OF  
THE SEQUOIA HEALTHCARE DISTRICT AND THE PENINSULA HEALTH CARE DISTRICT**

RESOLVED, by the Local Agency Formation Commission of the County of San Mateo (LAFCo), State of California, that:

WHEREAS, Government Code Section 56425 requires LAFCo to review and update spheres of influence on or before January 1, 2008 and every five years thereafter; and

WHEREAS, prior to reviewing the sphere of influence for the Health Care Districts, the Commission caused to be prepared a municipal service review pursuant to Government Code Section 56430; and

WHEREAS, the Executive Officer prepared a written report of the service review that was provided to the Commission, affected agencies and community; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its meeting of the Commission on May 17, 2017, July 19, 2017, and continued the hearing to September 20, 2017; and

WHEREAS, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations.

WHEREAS, as set forth in the service review, the Health Care Districts no longer operate hospitals and existing district boundaries and spheres exclude medically underserved areas of the county; and

WHEREAS, the Commission has the authority and responsibility, pursuant to Government Code Section 56425, to determine and periodically review and update the sphere of influence of each local governmental agency within its jurisdiction in the county.

WHEREAS, a noticed public hearing was held on May 17, 2017, July 19, 2017, and September 20, 2017 in Redwood City whereby the Commission heard and considered all oral and written testimony and the report of the Executive Officer, and all persons were given an opportunity to hear and be heard with respect to the sphere of influence; and

**NOW, THEREFORE, THE COMMISSION DOES HEREBY DETERMINE AS FOLLOWS:**

1. The Commission accepts the Municipal Service Review and Sphere report and accompanying Executive Officer Reports.
2. The Commission adopts the municipal service review determinations set forth in Exhibit A, which is attached and hereby incorporated by reference.
3. Pursuant to Section 56425(i) in regard to nature, location, extent, functions & classes of services provided by the Districts, the Commission adopted an inventory of active services contained in Exhibit B.
4. The Commission adopts the sphere of influence determinations contained in Exhibit C and reaffirms the Transitional Sphere of Influence for both Districts with the provision that the Districts report back to LAFCo annually on financial condition and implementation of LAFCo recommendations and that the Districts and LAFCo staff pursue with the County and cities the feasibility of expanding boundaries of the Districts to include medically underserved areas currently excluded from health care district boundaries.

Regularly passed and adopted this 20th day of September, 2017.

Ayes and in favor of said resolution:

Commissioners: Mike O'Neill  
Joshua Cosgrove  
Ann Draper  
Rich Garbarino  
Warren Slocum  
Don Horsley, Chair  
\_\_\_\_\_

Noes and against said resolution:

Commissioners: \_\_\_\_\_  
\_\_\_\_\_

Absent and/or Abstentions:

Commissioners: Joe Sheridan  
\_\_\_\_\_



Chair  
Local Agency Formation Commission  
County of San Mateo  
State of California

ATTEST:

Martha Poyatos Date: 9-22-2017  
Martha Poyatos  
Executive Officer  
Local Agency Formation Commission

I certify that this is a true and correct copy of the resolution above set forth.

Jean Brook Date: 9-22-2017  
Jean Brook  
Clerk to the Commission  
Local Agency Formation Commission

**Exhibit A: Adopted MSR Determinations**

<p><i>Growth and population for affected area</i></p>	<p>The 2010 Census population for San Mateo County was 718,451. The population of San Mateo County is projected by ABAG to grow by 26 percent in the 30-year period from 2010 to 2040, with the population of adults 65 years and older increasing from 12.6 percent of the population in 2010 to 18 percent of the population in 2030.</p> <p>The 2010 Census population for Peninsula HCD was 210,141. The population of District is projected by ABAG to grow by 30 percent in the 30-year period from 2010 to 2040, with the population of adults 65 years and older increasing from 12.6 percent of the population in 2010 to 18 percent of the population in 2030.</p> <p>The 2010 Census population for San Mateo County was 718,451. The population of San Mateo County is projected by ABAG to grow by 26 percent in the 30-year period from 2010 to 2040, with the population of adults 65 years and older increasing from 12.6 percent of the population in 2010 to 18 percent of the population in 2030.</p> <p>The 2010 Census population for San Mateo County was 718,451. The population of San Mateo County is projected by ABAG to grow by 26 percent in the 30-year period from 2010 to 2040, with the population of adults 65 years and older increasing from 12.6 percent of the population in 2010 to 18 percent of the population in 2030.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the Sphere of Influence</i></p>	<p>While there are no disadvantaged unincorporated communities within or contiguous to the Districts, communities in areas contiguous to Peninsula and Sequoia Healthcare Districts have a high percentage of households with annual income less than \$49,454. In western areas excluded from health care district boundaries, the percentage of households with incomes less than \$49,454 in La Honda is 36 percent; in Pescadero is 40 percent; and in Loma Mar is 46 percent.</p> <p>In addition, there are medically underserved areas and areas designated as Primary Care Health Professional Shortage Areas within and outside district boundaries.</p> <p>The countywide poverty rate in San Mateo County (100 percent of the Federal Poverty Rate) is 8.4 percent. Communities with census tracts that have poverty rates that are higher than the countywide rate of 8.4 percent include:</p> <p>(1) Brisbane/Burlingame/Colma/Daly City East/Millbrae East/San Bruno/South San Francisco with a poverty rate of 9 percent; and</p> <p>(2) Eastern Menlo Park/East Palo Alto/North Fair Oaks/Redwood City East with a poverty rate of 16.8 percent. This area is the same area designated as Primary Care Health Professional Shortage Areas, and also contains the census tracts identified as Medically Underserved Area.</p> <p>The Districts, County of San Mateo and cities <b>containing underserved areas including coastal San Mateo County</b> are encouraged to study the feasibility of annexation of excluded areas.</p>

<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure 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</i></p>	<p>N/A</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>Peninsula Health Care District and Sequoia Healthcare District have financial resources to meet their financial commitments.</p> <p><b>In the 10 years since the previous Municipal Service Review in 2007, the financial position of Peninsula Health Care District has improved significantly. As a result, Peninsula Health Care District is financially sound and able to fund community grants and other costs of operations. Peninsula Health Care District has accumulated cash and net assets, and to the extent that accumulation of capital has limited funding available for current ongoing services to the community, the District should regularly evaluate its business plan and consider the best use of accumulated capital for current versus future community benefit.</b></p> <p><i>The Harvey Rose study indicated that the District’s assisted living and memory care project should be affordable to low income residents. The District’s August 21 letter notes that while there was no policy specific to this facility at the time the Harvey Rose report was prepared,, since 2013, the District’s plan has consistently been to provide a minimum of 10 units at below market rate and to reevaluate the number and level of discount after the facility is stabilized – meaning covering its operating, capital and debt service costs. <u>Since the report, the District has prepared a draft ‘Below Market Rate Unit Allocation’ policy that will be considered by the Board at the September 28 Board meeting.</u> Because private providers are willing to develop market rate senior assisted living facilities, the District should <u>continue</u> to evaluate the best use of public funds to serve District residents, including increasing access by low-income residents.</i></p> <p>Peninsula Health Care District has also provided for the continuance of core health services to be provided by Peninsula Hospital in the Master Agreement with Mills-Peninsula Health Services, in which Mills-Peninsula Health Services may not terminate core clinical services except under certain circumstances detailed in the agreement.</p> <p><b>Sequoia Healthcare District’s primary source of revenue is the annual property tax allocation. Since 2010, the District has had a stated policy of returning 100 percent of its property tax revenue to the community</b></p>

	<p><b>in health-related programs and services. The greatest financial risk to Sequoia Healthcare District comes from the financial health of Sequoia Hospital. While the District has no financial obligation to Sequoia Hospital, the District is unlikely to recoup the \$75 million equity contribution for construction of the new hospital. According to the District’s Executive Director, the District is reviewing the ability of Sequoia Hospital to make the annual payments to the District. The District’s Executive Director should ensure regular reports to the District’s Board of Directors on the financial condition of Sequoia Hospital and its ability to make the annual payment on the District’s equity contribution. The District could strengthen communication and collaboration with Sequoia Hospital to proactively monitor trends affecting the hospital’s fiscal stability and sustainability of the hospital into the future.</b></p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The County of San Mateo Health System offers a variety of health programs at facilities in the cities of San Mateo and Redwood City, within the boundaries of Peninsula and Sequoia Healthcare Districts. PHCD and SHD and the San Mateo County Health System are identified as Community Assets and Resources in the 2016 Community Health Needs Assessment. The Districts are encouraged to continue to collaborate with each other, the County Health System and other providers to leverage funding for programs of benefit to all County residents.</p>
<p><i>Accountability for community service needs, including government structure and operational efficiencies</i></p>	<p>Both Districts’ practices of grant funding existing health related programs administered by existing nonprofits, the County, cities, and schools contributes to operational efficiencies by not duplicating programs. The Districts require varying levels of data reporting from its grantees, depending on the type of service and contract.</p> <p>The Peninsula and Sequoia Healthcare Districts are each governed by an elected five-member Board of Directors. The Districts maintain websites with information on programs, services, finances, and Board meetings, and reach out to District residents through other venues. It is recommended that each District increase its visibility to District residents in this regard.</p> <p>Peninsula Health Care District provides financial data for current and several prior years. Sequoia Healthcare District provides financial data for the current and past year. It is recommended that SHD post prior years’ budgets and audits.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	

**Exhibit B: Inventory of Active Services Pursuant to Government Code Section 56824.10**

Pursuant to H&S 32126.5(a)(1) the power to enter into contracts with health provider groups, community service groups, independent physicians and surgeons, and independent podiatrists for the provision of health care services

Pursuant to H&S 32126.5(a)(2) the ability to provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community

Pursuant to H&S 32126.5(a)(3), the power to finance experiments with new methods of providing adequate health care

**Exhibit C: Adopted Sphere of Influence Update/Determinations**

<p><i>Present and planned land uses in the area, including agricultural and open-space lands.</i></p>	<p>Land uses within Health Care Districts' boundaries including various residential, commercial, and open space land use designations are under the jurisdiction of the County of San Mateo and several cities. Viability of open space or agricultural lands is not affected by inclusion in the District spheres of influence or boundaries.</p>
<p><i>Present and probable need for public services and services in the area.</i></p>	<p>The present and future needs for public health care facilities and services in the area and Countywide expected to increase as the county population grows and ages.</p>
<p><i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i></p>	<p>The Health Care Districts have evolved from hospital districts to health care districts, have transferred direct responsibility for hospital construction and operation to other entities. While the Districts provide funding to community health programs, they do not directly provide these services.</p>
<p><i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i></p>	<p>Sequoia Healthcare District includes the cities of Portola Valley, Woodside, Atherton, Woodside, San Carlos, and Belmont and portions of Foster City and San Mateo as well as surrounding unincorporated areas. Peninsula Health Care District includes the Cities of Hillsborough, Burlingame, Millbrae, the majority of San Mateo, and portions of San Bruno, South San Francisco, and surrounding unincorporated areas. The Districts' combined area includes 58 percent of the County population.</p> <p>Eastern Menlo Park, East Palo Alto, portions of South San Francisco and San Bruno, the Cities of Brisbane, Daly City, Pacifica, Half Moon Bay, the urbanized unincorporated Midcoast, and small rural communities including La Honda, San Gregorio, and Pescadero (which comprise the County's agricultural district) are excluded from health care district boundaries.</p> <p>These irregular boundaries and excluded areas do not reflect unique communities of interest in regard to health care or hospital services.</p>