

**Voting Members**

Vacant

Chair

Donald Dear

1st Vice-Chair

Gerald McCallum

2nd Vice-Chair

Kathryn Barger

Margaret Finlay

John Lee

John Mirisch

Holly Mitchell

Francine Oschin

**Alternate Members**

Anthony Bell

Michael Davitt

David Lesser

Mel Matthews

Hilda Solis

Vacant

(City of Los Angeles)

**Staff**

Paul Novak

Executive Officer

Adriana Romo

Deputy Executive  
Officer

Amber De La Torre

Doug Dorado

Adriana Flores

Taylor Morris

Alisha O'Brien

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[www.lalafco.org](http://www.lalafco.org)

# LIVE VIRTUAL COMMISSION MEETING

## LOCAL AGENCY FORMATION COMMISSION

Wednesday, September 14<sup>th</sup>, 2022  
9:00 a.m.

This meeting will be conducted as a virtual meeting with telephone 1-415-655-0001 (Access Code: 2592 797 0659) and web access (<https://lacountyboardofsupervisors.webex.com/lacountyboardofsupervisors/onstage/g.php?MTID=e9f02c4dab80113495ba18965095e973c>) pursuant to the provisions of Government Code § 54953 relative to virtual meetings, as well as the County of Los Angeles "Best Practices to Prevent COVID-19".

### FOR MEMBERS OF THE PUBLIC

#### TO LISTEN BY TELEPHONE AND PROVIDE PUBLIC COMMENT DIAL:

**1-415-655-0001**

**Access Code: 2592 797 0659 (English)**

#### OR TO LISTEN VIA WEB AND PROVIDE COMMENT:

<https://lacountyboardofsupervisors.webex.com/lacountyboardofsupervisors/onstage/g.php?MTID=e9f02c4dab80113495ba18965095e973c>

**TO PROVIDE WRITTEN PUBLIC COMMENT:** Any interested person may submit written opposition or comments by email at [info@lalafco.org](mailto:info@lalafco.org) prior to the conclusion of the Commission Meeting or by mail to the LAFCO Office at 80 S. Lake Avenue, Suite 870, Pasadena, CA 91101, no later than 5:00 p.m. on the business day preceding the date set for hearing/proceedings in order to be deemed timely and to be considered by the Commission. Any written opposition and/or comments will be read during the meeting for a maximum of three (3) minutes per comment, per item.

The entire agenda package and any meeting related writings or documents provided to a majority of the Commissioners after distribution of the agenda package, unless exempt from disclosure pursuant to California Law, are available at [www.lalafco.org](http://www.lalafco.org)

1. **CALL MEETING TO ORDER**

2. **PLEDGE OF ALLEGIANCE WILL BE LED BY ACTING CHAIR DEAR**

3. **DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)**

4. **SWEARING-IN OF SPEAKER(S)**

5. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on any items, including those items that are on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Public comments are limited to three minutes.

6. **CONSENT ITEM(S)**

*All matters are approved by one motion unless held by a Commissioner or member(s) of the public for discussion or separate action.*

- a. Approve Minutes of July 13, 2022.
- b. Approve Operating Account Check Register for the month of July 2022 and August 2022.
- c. Receive and file Update on Pending Proposals.
- d. Information Item(s) – Government Code §§ 56751 & 56857  
(None)

7. **PUBLIC HEARING(S)**

- a. Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle), Annexation of Parcel 1 to the Greater Los Angeles County Vector Control District, Annexation of Parcel 1 & 2 to the City of Santa Clarita, Amendment to the Greater Los Angeles County Vector Control District Sphere of Influence, and Negative Declaration.
- b. MSR No. 2022-05 – Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District), and California Environmental Quality Act (CEQA) exemption.

8. **PROTEST HEARING(S)**

(None)

9. **OTHER ITEMS**

- a. Adoption of Resolution Authorizing Remote Teleconference Meetings of the Commission pursuant to Government Code Section 54953(e) and Making Required Findings.
- b. Annual Election of Commission Officers.

- c. Appointment Schedule (Appointment of Independent Special District Voting Member).
- d. California Association of Local Agency Formation Commission (“CALAFCO”) Annual Conference: Appointment of Voting Representative and Alternate.

10. **LEGISLATION**

- a. Legislative Update.

11. **MISCELLANEOUS CORRESPONDENCE**

(None)

12. **COMMISSIONERS’ REPORT**

Commissioners’ questions for staff, announcements of upcoming events and opportunity for Commissioners to briefly report on their LAFCO-related activities since last meeting.

13. **EXECUTIVE OFFICER’S REPORT**

Executive Officer’s announcement of upcoming events and brief report on activities of the Executive Officer since the last meeting.

- a. Written Update
- b. Verbal Update

14. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on items not on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Speakers are reminded of the three-minute time limitation.

15. **FUTURE MEETINGS**

October 12, 2022  
November 9, 2022  
December 14, 2022

16. **ADJOURNMENT**

# LAFCO

Local Agency Formation Commission  
for the County of Los Angeles

**DRAFT**

## Voting Members

Jerry Gladbach  
Chair

Donald Dear  
1st Vice-Chair

Gerald McCallum  
2nd Vice-Chair

Kathryn Barger  
Margaret Finlay  
John Lee  
John Mirisch  
Holly Mitchell  
Francine Oschin

## Alternate Members

Anthony Bell  
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Mel Matthews  
Hilda Solis  
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## Staff

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## MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY OF LOS ANGELES LIVE VIRTUAL MEETING

July 13, 2022

### Present:

Gerard McCallum, Second Vice-Chair

Kathryn Barger  
Margaret Finlay  
John Mirisch  
Francine Oschin

Anthony Bell, Alternate  
Michael Davitt, Alternate  
David Lesser, Alternate  
Mel Matthews, Alternate

Paul Novak, Executive Officer  
Carole Suzuki, Legal Counsel

### Absent:

Jerry Gladbach, Chair

Donald Dear  
John Lee  
Holly Mitchell

Hilda Solis, Alternate

### Vacant:

City of Los Angeles, Alternate Member



## 1 CALL MEETING TO ORDER

The meeting was called to order at 9:01 a.m. as a live virtual Commission meeting, with public comment accepted via e-mail, computer, or phone through the conclusion of public testimony.

## 2 PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Second Vice-Chair McCallum.

## 3 DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)

The Executive Officer (EO) read an announcement, asking if any Commissioners had received a campaign contribution that would require disclosure or any other issue requiring recusal from any item on today's agenda (None).

## ANNOUNCEMENT

The EO noted that today's meeting was conducted pursuant to the provisions of Government Code § 54953 relative to virtual meetings, as well as the County of Los Angeles "Best Practices to Prevent COVID-19". LAFCO's legal counsel has confirmed that the conduct of the meeting is consistent with State law as modified by the Governor and County orders.

The EO noted that all public hearing notices, and the agenda, clearly stated that interested persons were afforded the opportunity to submit written opposition or comments by e-mail, or via United States mail. For any communications received after the agenda was posted, staff has forwarded copies via e-mail to the Commission. LAFCO staff continued to monitor e-mail and comments received during the meeting and prior to the conclusion of each hearing item were read to the Commission (None).

## 4 SWEARING-IN OF SPEAKER(S)

The EO swore in members of the audience who planned to testify (None).

## 5 PUBLIC COMMENT

(None).

## 6 CONSENT ITEM(S)

The Commission took the following actions under Consent Items:

- a. Approved Minutes of June 8, 2022.
- b. Approved Operating Account Check Register for the month of June 2022.
- c. Received and filed update on Pending Proposals.
- d. Information Item(s) – Government Code §§ 56751 & 56857 (None).

MOTION: Barger                      SECOND: Matthews (Alt. for Dear)      APPROVED: 6-0-0  
AYES: Barger, Davitt (Alt. for Finlay), Matthews (Alt. for Dear), Mirisch, Oschin,  
McCallum  
NOES: None.  
ABSTAIN: None.  
ABSENT: Dear, Finlay, Lee, Mitchell, Gladbach

## 7 PUBLIC HEARING(S)

(None).

[Commissioner Finlay arrived at 9:07 a.m.]

## 8 PROTEST HEARING(S)

The following item was called for consideration:

- a. Exercise of New or Different Functions or Classes of Services No. 2022-04 for the Point Dume Community Services District.

The EO stated that this is the Commission protest hearing pursuant to Government Code Section 57000 *et seq.* and that no written protest(s) have been received in advance of the hearing.

The protest hearing was opened to receive testimony and/or written protest(s). There being no testimony or written protest(s) submitted, the protest hearing was closed.

The Commission took the following action:

- Adopted the Resolution Making Determinations Ordering the Exercise of New or Different Functions or Classes of Services No. 2022-04 for the Point Dume Community Services District; Resolution No. 2022-01PR.

MOTION: Barger                      SECOND: Oschin                      APPROVED: 6-0-0  
AYES: Barger, Finlay, Matthews (Alt. for Dear), Mirisch, Oschin, McCallum  
NOES: None.  
ABSTAIN: None.  
ABSENT: Dear, Lee, Mitchell, Gladbach

## 9 OTHER ITEMS

The following item was called for consideration:

- a. Adoption of Resolution Authorizing Remote Teleconference Meetings of the Commission pursuant to Government Code Section 54953(e) and Making Required Findings.

The EO summarized the staff report on this item.

The Commission took the following action:

- Adopted the Resolution Making Determinations Approving Resolution of the Local Agency Formation Commission for the County of Los Angeles Authoring Remote Teleconference Meetings of the Legislative Body of the Los Angeles Formation Commission for the County of Los Angeles for the meetings of July 13, 2022; and August 10, 2022; pursuant to the Ralph M. Brown Act; Resolution No. 2022-17RMD.

MOTION: Matthews (Alt. for Dear) SECOND: Oschin APPROVED: 6-0-0

AYES: Barger, Finlay, Matthews (Alt. for Dear), Mirisch, Oschin, McCallum

NOES: None.

ABSTAIN: None.

ABSENT: Dear, Lee, Mitchell, Gladbach

## 9 OTHER ITEMS

The following item was called for consideration:

- b. Start Time for the Commission Meeting of November 9, 2022.

The EO summarized the staff report on this item.

The Commission took the following actions:

- Changed the start time (from 9:00 a.m.) to 8:30 a.m. for the Commission Meeting of November 9, 2022; and
- Directed staff to revise the website to reflect the 8:30 a.m. start time.

MOTION: Matthews (Alt. for Dear) SECOND: Oschin APPROVED: 6-0-0

AYES: Barger, Finlay, Matthews (Alt. for Dear), Mirisch, Oschin, McCallum

NOES: None.

ABSTAIN: None.

ABSENT: Dear, Lee, Mitchell, Gladbach

- Received and filed the Legislative Update.

MOTION: Barger                      SECOND: Finlay                      APPROVED: 6-0-0  
AYES: Barger, Davitt (Alt. for Mirisch), Finlay, Matthews (Alt. for Dear), Oschin,  
McCallum  
NOES: None.  
ABSTAIN: None.  
ABSENT: Dear, Lee, Mirisch, Mitchell, Gladbach

#### 11 MISCELLANEOUS CORRESPONDENCE

(None).

#### 12 COMMISSIONERS' REPORT

(None).

#### 13 EXECUTIVE OFFICER'S REPORT

- a. Written Update.
- b. Verbal Update.

The EO indicated that the CALAFCO 2022 Annual Conference will be held October 19, 2022 through October 21, 2022 at the Hyatt Regency John Wayne Airport in Newport Beach. The EO asked that Commissioners interested in attending contact staff, and that staff would make all necessary arrangements.

The EO indicated he will not attend the August meeting, as he will be on vacation, and that Deputy EO Adriana Rome will attend the August 10<sup>th</sup> meeting in his place.

The EO indicated that at last month's meeting, the Commission took action to have the September 14<sup>th</sup> meeting as an in-person meeting. Stakeholders of the Beach Cities Healthcare District are requesting that the September 14<sup>th</sup> Commission Meeting be conducted in a virtual format to accommodate members of the public who may wish to speak about the Draft Municipal Service Review and Sphere of Influence Update for the Health Care Districts.

The Commission took the following actions:

- Received and filed the Executive Officer's Written Update and Verbal Update.

MOTION: Barger                      SECOND: Finlay                      APPROVED: 6-0-0  
AYES: Barger, Davitt (Alt. for Mirisch), Finlay, Matthews (Alt. for Dear), Oschin,  
McCallum  
NOES: None.  
ABSTAIN: None.  
ABSENT: Dear, Lee, Mirisch, Mitchell, Gladbach

14 PUBLIC COMMENT

(None).

15 FUTURE MEETINGS

August 10, 2022 (Virtual)

September 14, 2022 (~~In-person~~ Virtual)

October 12, 2022

15 ADJOURNMENT MOTION

Second Vice-Chair McCallum adjourned the live virtual meeting at 9:19 a.m.

Respectfully submitted,

Paul Novak, AICP  
Executive Officer

11:04 AM  
08/31/22  
Cash Basis

**LA LAFCO**  
**Register Report**  
**July 2022**

Type	Date	Num	Name	Paid Amount	Balance
<b>Jul 22</b>					
Check	07/01/2022	ADP	ADP	-39.37	-39.37
Bill Pmt -Check	07/06/2022	11329	County Counsel	-11,399.89	-11,439.26
Check	07/08/2022	ADP	ADP	-307.54	-11,746.80
Check	07/11/2022	WIRE	TRFP S. Lake Ave. ...	-9,628.64	-21,375.44
Check	07/11/2022	DD	Wells Fargo*	-34.11	-21,409.55
Check	07/12/2022	WIRE	TRFP S. Lake Ave. ...	-255.61	-21,665.16
Bill Pmt -Check	07/12/2022	11330	Certified Records M...	-968.61	-22,633.77
Bill Pmt -Check	07/12/2022	11331	Charter Communica...	-447.90	-23,081.67
Bill Pmt -Check	07/12/2022	11332	CoreLogic	-28.80	-23,110.47
Bill Pmt -Check	07/12/2022	11333	CTS Clouds LLC	-972.57	-24,083.04
Bill Pmt -Check	07/12/2022	11334	Daily Journal	-698.53	-24,781.57
Bill Pmt -Check	07/12/2022	11335	FedEx	-49.10	-24,830.67
Bill Pmt -Check	07/12/2022	11336	ParcelQuest	-4,497.00	-29,327.67
Bill Pmt -Check	07/12/2022	11337	Quadiant Leasing U...	-501.22	-29,828.89
Bill Pmt -Check	07/12/2022	11338	SP Plus Corporation	-630.00	-30,458.89
Bill Pmt -Check	07/12/2022	11339	Yvonne Green CPA	-300.00	-30,758.89
Bill Pmt -Check	07/12/2022	11340	Wells Fargo-Elite C...	-1,731.56	-32,490.45
Check	07/15/2022	DD	Federal Tax Deposit	-6,264.61	-38,755.06
Check	07/15/2022	DD	State Income Tax	-1,821.81	-40,576.87
Check	07/15/2022	DD	Ambar De La Torre	-2,452.65	-43,029.52
Check	07/15/2022	DD	Douglass S Dorado	-3,410.47	-46,439.99
Check	07/15/2022	DD	Adriana L Flores	-1,311.63	-47,751.62
Check	07/15/2022	DD	Taylor J Morris	-2,339.41	-50,091.03
Check	07/15/2022	DD	Paul A Novak	-5,672.28	-55,763.31
Check	07/15/2022	DD	Alisha O'Brien	-2,560.47	-58,323.78
Check	07/15/2022	DD	Adriana Romo	-3,761.44	-62,085.22
Check	07/15/2022	DD	Paychex	-769.76	-62,854.98
Bill Pmt -Check	07/21/2022	11341	CALAFCO'	-4,880.00	-67,734.98
Bill Pmt -Check	07/25/2022	11342	Los Angeles County...	-1,520.00	-69,254.98
Bill Pmt -Check	07/25/2022	11343	FedEx	-69.45	-69,324.43
Bill Pmt -Check	07/25/2022	11344	ATT	-242.34	-69,566.77
Bill Pmt -Check	07/25/2022	11345	American Planning	-800.00	-70,366.77
Bill Pmt -Check	07/25/2022	11346	Canon Financial Ser...	-222.93	-70,589.70
Bill Pmt -Check	07/25/2022	11347	LACERA-OPEB	-1,693.01	-72,282.71
Bill Pmt -Check	07/25/2022	11348	The Lincoln National	-290.66	-72,573.37
Bill Pmt -Check	07/26/2022	11349	CALAFCO'	0.00	-72,573.37
Bill Pmt -Check	07/26/2022	11350	FedEx	-51.82	-72,625.19
Bill Pmt -Check	07/26/2022	11351	LACERA	-19,279.80	-91,904.99
Bill Pmt -Check	07/26/2022	11352	Los Angeles County...	-1,500.00	-93,404.99
Bill Pmt -Check	07/26/2022	11353	CALAFCO'	-1,575.00	-94,979.99
Check	07/29/2022	ADP	ADP	-39.37	-95,019.36
Check	07/29/2022	DD	Paychex	-193.57	-95,212.93
Check	07/29/2022	DD	Paychex	-169.76	-95,382.69
Check	07/31/2022	DD	Federal Tax Deposit	-188.00	-95,570.69
Check	07/31/2022	90269...	Kathryn Barger	-132.99	-95,703.68
Check	07/31/2022	90269...	Margaret E Finlay	-138.53	-95,842.21
Check	07/31/2022	DD	Anthony E Bell	-138.53	-95,980.74
Check	07/31/2022	DD	Michael T Davitt	-138.53	-96,119.27
Check	07/31/2022	DD	David J Lesser	-138.52	-96,257.79
Check	07/31/2022	DD	Melvin L Matthews	-138.52	-96,396.31
Check	07/31/2022	DD	Gerard McCallum II	-138.52	-96,534.83
Check	07/31/2022	DD	John A Mirisch	-138.52	-96,673.35
Check	07/31/2022	DD	Francine Oschin	-138.52	-96,811.87
Check	07/31/2022	DD	Ambar De La Torre	-2,677.56	-99,489.43
Check	07/31/2022	DD	Douglass S Dorado	-3,700.81	-103,190.24
Check	07/31/2022	DD	Adriana L Flores	-1,427.36	-104,617.60
Check	07/31/2022	DD	Taylor J Morris	-2,527.42	-107,145.02
Check	07/31/2022	DD	Paul A Novak	-6,066.65	-113,211.67
Check	07/31/2022	DD	Alisha O'Brien	-2,770.60	-115,982.27
Check	07/31/2022	DD	Adriana Romo	-4,091.76	-120,074.03
Check	07/31/2022	DD	Federal Tax Deposit	-6,928.43	-127,002.46
Check	07/31/2022	DD	State Income Tax	-2,064.54	-129,067.00
<b>Jul 22</b>				<b>-129,067.00</b>	<b>-129,067.00</b>

10:35 AM  
08/31/22  
Cash Basis

# LA LAFCO Register Report August 2022

Type	Date	Num	Name	Paid Amount	Balance
<b>Aug 22</b>					
Bill Pmt -Check	08/01/2022	11354	County Counsel	-13,794.68	-13,794.68
Bill Pmt -Check	08/01/2022	11355	County of Los Angel...	-3,167.10	-16,961.78
Check	08/02/2022	WIRE	TRPF 80 South Lak...	-9,884.25	-26,846.03
Bill Pmt -Check	08/03/2022	11356	MetLife (SafeGuard)	-51.25	-26,897.28
Bill Pmt -Check	08/03/2022	11357	Taylor Morris	-1,188.54	-28,085.82
Bill Pmt -Check	08/05/2022	July.3	FedEx	0.00	-28,085.82
Bill Pmt -Check	08/05/2022		FedEx	0.00	-28,085.82
Bill Pmt -Check	08/08/2022	11358	Certified Records M...	-1,169.67	-29,255.49
Bill Pmt -Check	08/08/2022	11359	Charter Communica...	-447.90	-29,703.39
Bill Pmt -Check	08/08/2022	11360	County Counsel	-5,335.59	-35,038.98
Bill Pmt -Check	08/08/2022	11361	CTS Clouds LLC	-1,201.54	-36,240.52
Bill Pmt -Check	08/08/2022	11362	FedEx	-125.59	-36,366.11
Bill Pmt -Check	08/08/2022	11363	LACERA-OPEB	-1,693.01	-38,059.12
Bill Pmt -Check	08/08/2022	11364	ODP Business Solut...	-153.39	-38,212.51
Bill Pmt -Check	08/08/2022	11365	Yvonne Green CPA	-375.00	-38,587.51
Bill Pmt -Check	08/08/2022	11366	FedEx	-20.76	-38,608.27
Bill Pmt -Check	08/09/2022	11367	SP Plus Corporation	-630.00	-39,238.27
Bill Pmt -Check	08/11/2022	11368	CoreLogic	-28.80	-39,267.07
Bill Pmt -Check	08/12/2022		FedEx	0.00	-39,267.07
Bill Pmt -Check	08/12/2022		FedEx	0.00	-39,267.07
Check	08/15/2022	11369	SDRMA	-8,877.76	-48,144.83
Check	08/15/2022	DD	Ambar De La Torre	-2,565.10	-50,709.93
Check	08/15/2022	DD	Douglass S Dorado	-3,555.64	-54,265.57
Check	08/15/2022	DD	Adriana L Flores	-1,519.07	-55,784.64
Check	08/15/2022	DD	Taylor J Morris	-2,433.41	-58,218.05
Check	08/15/2022	DD	Paul A Novak	-6,080.45	-64,298.50
Check	08/15/2022	DD	Alisha O'Brien	-2,665.54	-66,964.04
Check	08/15/2022	DD	Adriana Romo	-3,926.60	-70,890.64
Check	08/15/2022	DD	Federal Tax Deposit	-6,740.77	-77,631.41
Check	08/15/2022	DD	State Income Tax	-1,988.70	-79,620.11
Check	08/15/2022	DD	Paychex	-169.76	-79,789.87
Bill Pmt -Check	08/18/2022	11370	CALAFCO'	0.00	-79,789.87
Bill Pmt -Check	08/24/2022	11371	CALAFCO'	-11,287.00	-91,076.87
Bill Pmt -Check	08/24/2022	11372	LACERA	-19,361.96	-110,438.83
Bill Pmt -Check	08/24/2022	11373	ATT	-281.24	-110,720.07
Bill Pmt -Check	08/24/2022	11374	CALAFCO'	-1,250.00	-111,970.07
Bill Pmt -Check	08/24/2022	11375	Canon Financial Ser...	-388.04	-112,358.11
Bill Pmt -Check	08/24/2022	11376	FedEx	-20.68	-112,378.79
Bill Pmt -Check	08/24/2022	11377	RSG, Inc.	-5,157.50	-117,536.29
Bill Pmt -Check	08/24/2022	11378	SP Plus Corporation	-630.00	-118,166.29
Bill Pmt -Check	08/24/2022	11379	The Lincoln National	-360.35	-118,526.64
Bill Pmt -Check	08/24/2022	11380	Wells Fargo-Elite C...	-171.66	-118,698.30
Bill Pmt -Check	08/24/2022	11381	Eide Bailly	-233.75	-118,932.05
Bill Pmt -Check	08/24/2022	11382	FedEx	-15.19	-118,947.24
Bill Pmt -Check	08/24/2022	11383	FedEx	-41.10	-118,988.34
Check	08/26/2022	ADP	ADP	-39.37	-119,027.71
Check	08/30/2022	DD	Paychex	-169.76	-119,197.47
Bill Pmt -Check	08/31/2022	11384	FedEx	-70.34	-119,267.81
Bill Pmt -Check	08/31/2022	11385	FedEx	-20.42	-119,288.23
Bill Pmt -Check	08/31/2022	11386	SDRMA	-224.60	-119,512.83
Check	08/31/2022	DD	State Income Tax	-2,001.96	-121,514.79
Check	08/31/2022	DD	Federal Tax Deposit	-6,795.58	-128,310.37
Check	08/31/2022	DD	Ambar De La Torre	-2,565.11	-130,875.48
Check	08/31/2022	DD	Douglass S Dorado	-3,555.65	-134,431.13
Check	08/31/2022	DD	Adriana L Flores	-1,667.16	-136,098.29
Check	08/31/2022	DD	Taylor J Morris	-2,433.41	-138,531.70
Check	08/31/2022	DD	Paul A Novak	-6,080.45	-144,612.15
Check	08/31/2022	DD	Alisha O'Brien	-2,665.54	-147,277.69
Check	08/31/2022	DD	Adriana Romo	-3,926.61	-151,204.30
<b>Aug 22</b>				<b>-151,204.30</b>	<b>-151,204.30</b>



AGENDA ITEM NO. 6.c. August 10, 2022						
PENDING PROPOSALS As of August 18, 2022						
		LAFCO Designation Number	Applicant	Description	Status	Est. Date of Completion
1	DD	Annexation 2006-12 to Los Angeles County Waterworks District No. 40, Antelope Valley	Land Resource Investors	Annex 20 acres of vacant land located at the northeast corner of Avenue J and 37th Street East, City of Lancaster. Will be developed into 80 single family homes.	Incomplete application. Email dated 1-30-13 waterworks stopped working on TTR, no water commitment. Emailed applicant 2-6-22	Unknown
2	DD	Annexation No. 2006-46 to Los Angeles County Waterworks District No. 40, Antelope Valley	Los Angeles County Waterworks District No. 40, Antelope Valley	Annex 1,567 acres of vacant land located near Lake Elizabeth Road and Avenue S in the city of Palmdale. Will be developed into 313 single family home.	Incomplete application. Email dated 1-30-13 waterworks stopped working on TTR, no water commitment. Emailed applicant 2-6-23	Unknown
3	DD	Annexation No. 2011-17 (2006-50) to Los Angeles County Waterworks District No. 40, Antelope Valley	Behrooz Haverim/Kamyar Lashgari	Annex 20.62 acres of vacant land located south of Avenue H between 42nd Street West and 45th Street West in the City of Lancaster. To be developed into single family homes	Incomplete application. Email dated 1-30-13 waterworks stopped working on TTR, no water commitment. Emailed applicant 2-6-24	Unknown
4	DD	Annexation 2008-13 to Los Angeles County Waterworks District No. 40	Lancaster School Dist.	Annex 20.47 acres of vacant land located 2 miles west of the Antelope Valley frw. And the nearest paved major streets are ave. H. And Ave. I, in the City of Lancaster. For future construction of a school.	Application complete, missing BOE fees to place on agenda for approval. Emailed district for fees on 4-18-17	Unknown
5	DD	Reorganization 2010-04 Los Angeles County Waterworks District No. 29	Malitex Partners, LLC	Detach 88 acres of vacant land from the Las Virgenes Municipal Water District and annex same said territory to Los Angeles County Waterworks District No 29 and West Basin Municipal Water District. The project includes future construction of three homes and dedicates open space. The project site is located north of Pacific Coast Highway at the end of Murphy Way, in the unincorporated area adjacent to Malibu.	Notice of Filing sent 07-15-10. Incomplete filing: CEQA. EIR on hold 4-14-15. Applicant requested to keep this file open, pending details how to proceed with the project 04/29/15.	Unknown
6	DD	City of Palmdale Annexation 2010-05	City of Palmdale	49.6 acres located adjacent to residential properties to the southwest, southeast, and separated by the Amargosa Creek to the north.	Notice of Filing sent 1-3-11 Incomplete filing: property tax transfer resolution, insufficient CEQA, unclear pre-zoning ordinance, approved map and legal. Need to include DUC .	Unknown
7	DD	Reorganization No. 2014-03 to the City of Calabasas	City of Calabasas	176± acres immediately north of and adjacent to the 101 freeway between the City of Calabasas and Hidden Hills.	Notice of Filing sent 1-8-15. Incomplete filing: property tax transfer resolution and approved map and legal.	Unknown
8	DD	Annexation No. 2015-10 to the City of Agoura Hills	City of Agoura Hills	117 acres uninhabited territory. Located northeast and southwest of Chesebro Road directly north of the Highway 101	Notice of Filing sent 11-3-15 Incomplete filing: property tax transfer resolution.	Unknown
9	DD	Reorganization No. 2016-01 to the Las Virgenes Municipal Water District	Las Virgenes Municipal Water District	Detachment from West Basin Municipal Water District, and annexation to the Las Virgenes Municipal Water District. Both districts require SOI amendments. The territory consists of 26 single-family homes, generally located south of Cairnloch Street, west of Summit Mountain Way. all within the City of Calabasas.	Notice of Filing sent 04-19-16 Incomplete filing: property tax transfer resolution, and map and legal not approved.	Unknown
10	DD	Annexation No. 2017-09 to the Wilmington Cemetery District	Wilmington Cemetery District	inhabited territory around Wilmington	Notice of Filing sent 6-10-17 Incomplete filing: property tax transfer resolution	Unknown

		LAFCO Designation Number	Applicant	Description	Status	Date Filed	Est. Date of Completion
11	DD	Annexation No. 2018-12 to the City of Agoura Hills	City of Agoura Hills	82.58± acres of inhabited territory to the City of Agoura Hills. Area A of the affected territory is generally located east of the intersection of Liberty Canyon Road and Agoura Road and Area C is generally located west of the intersection of Liberty Canyon Road and Revere Way, in Los Angeles County unincorporated territory adjacent to the City of Agoura Hills	Notice of Filing sent 11-20-18 Incomplete filing: property tax transfer resolution, CEQA, map of limiting addresses, pre-zoning, register voter labels, approved map and geographic description.	11/19/2018	Unknown
12	DD	Reorganization No. 2019-01 to the City of Rancho Palos Verdes	Rajendra Makan	1.17± acres of uninhabited territory located along Re Le Chardlene, east of the intersection of Chandeleur and Rue Le Charlene, in the City of Los Angeles.	Notice of Filing Sent 5-14-19 Incomplete filing: property tax transfer resolution and approved map and legal.	5/14/2019	Unknown
13	DD	Formation No. 2019-06 of the Lower Los Angeles River Recreation and Park District	City of South Gate	inhabited territory, along the Los Angeles River between Vernon and Long Beach	TTR/Auditors determination, plan for services, and approved map and geographic description.	10/2/2019	Unknown
14	DD	Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle)	City of Santa Clarita	1609± acres of inhabited territory. The affected territory is generally located north of the intersection of Copper Hill Drive and Avenida Rancho Tesoro, in the Unincorporated area of Los Angeles County adjacent to the City of Santa Clarita.	September 14, 2022 Agenda	1/27/2020	Nov-2022
15	DD	Annexation No. 2021-02 to the Los Angeles County Waterworks District No. 40, Antelope Valley	Andrew J Eliopoulos	annex 6.58± acres of vacant land to Los Angeles County Waterworks District No 40 for retail water services. The affected territory is located north of Eilopulos Ranch Drive between Yianni Court and Marina Court, in the City of Palmdale	Notice of Filing Sent 6-30-21 Incomplete Filing: TTR, CEQA, and approved map and geographic description	6/1/2021	Unknown
16	AOB	Annexation No. 2021-08 to the Los Angeles County Waterworks District No. 40, Antelope Valley	KB Home Greater Los Angeles, Inc.	9.29 acres of uninhabited territory. The affected territory is located at the northeast corner of 65th Street West and Newgrove Street, all within the City of Lancaster.	November 9, 2022 Agenda	8/30/2021	Dec-2022
17	DD	Formation No. 2019-04 of the Acton/Agua Dulce Garbage Disposal District	County of Los Angeles	150,982 acres of inhabited territory. The affected territory is located in the unincorporated county area of Acton and Agua Dulce	Notice of Filing sent 9-29-21 financial info, CEQA, and approved map and geographic description.	9/14/2021	Unknown
18	DD	Formation No. 2019-05 East Antelope Valley Garbage Disposal District	County of Los Angeles	459,925 acres of inhabited territory. The affected territory is located in the unincorporated county area of the Antelope Valley, east of state route 14.	Notice of Filing sent 9-29-21 financial info, CEQA, and approved map and geographic description.	9/14/2021	Unknown
19	DD	Formation No. 2019-06 of the West Antelope Valley Garbage Disposal District	County of Los Angeles	293,394 acres of inhabited territory. The affected territory is located in the unincorporated county area of the Antelope Valley, west of state route 14.	Notice of Filing sent 9-29-21 financial info, CEQA, and approved map and geographic description.	9/14/2021	Unknown
20	DD	Formation No. 2021-07 of the Quartz Hill Garbage Disposal District	County of Los Angeles	6,575 acres of inhabited territory. The affected territory is located in the unincorporated county area of Quartz Hill	Notice of Filing sent 9-29-21 financial info, CEQA, and approved map and geographic description.	9/14/2021	Unknown
21	AD	Annexation 433 to District no. 14	Los Angeles County Sanitation Districts	81 Acres of uninhabited territory. The affected territory is located on 40th street East approximately 800 feet south of Avenue L, all within the City of Palmdale.	Notice of Filing Sent 11-4-21 Incomplete filing: property tax transfer resolution.	11/4/2021	Unknown

		LAFCO Designation Number	Applicant	Description	Status	Date Filed	Est. Date of Completion
22	AOB	Reorganization No. 2021-03 for the Artesia Cemetery District, the Downey Cemetery District, and the Little Lake Cemetery District	Artesia Cemetery District, and behalf of Downey Cemetery District and Little Lake Cemetery District	Reorganization of territory located within Cities of Bell Gardens, Bellflower, Cerritos, Downey, La Mirada, Lakewood, Paramount, Santa Fe Springs, South Gate; and Los Angeles County unincorporated territory (South Whittier).	Notice of Filing Sent 12-22-21 Incomplete filing: property tax transfer resolution.	12/20/2021	Unknown
23	DD	Annexation No. 2021-10 to the City of Bradbury	City of Bradbury	.66± acres of uninhabited territory. The affected territory is located along Royal Oaks Drive North between Braewood Drive and Woodlyn Lane, adjacent to the City of Bradbury.	Notice of Filing sent 12-06-21 Incomplete Filing: property tax transfer resolution, limiting addresses map and list, and BOE fees	11/29/2021	Unknown
24	DD	Annexation No. 2021-09 to the City of Whittier	City of Whittier	58± acres of inhabited territory. The affected territory is located along Whittier Blvd. between interstate 605 and Sorensen Ave, adjacent to the City of Whittier.	Notice of Filing sent 12-22-21 Incomplete Filing: property tax transfer resolution, limiting addresses map and list, approved map and geographic description, and BOE fees	12/13/2021	Unknown
25	DD	Reorganization No. 2019-04 to the City of La Verne	Saint George Properties, LLC	19.44± acres of uninhabited territory. The affected territory is located north of Baseline Road and Japonica Avenue, adjacent to the City of La Verne.	Notice of Filing sent 12-22-21 Incomplete Filing: property tax transfer resolution, BOE fees and 2nd application submittal	12/21/2021	Unknown
26	DD	Reorganization No. 2021-11 to the City of Los Angeles	Television City Studios, LLC	64± acres of uninhabited territory. The affected territory is located south of the intersection of Beverly Blvd and Genesee Ave, surrounded by the City of Los Angeles.	Notice of Filing sent 3-9-22: property tax transfer resolution, limiting address map & list, pre-zoning ordinance, and BOE fees	12/29/2021	Unknown
27	AOB	Annexation No. 2022-01 to the Los Angeles County Waterworks District No. 40, Antelope Valley	Royal Investors, LLC	30± acres of uninhabited territory. The affected territory is generally located at northwest corner of 40th Street East and Lancaster Boulevard, within the City of Lancaster.	Notice of Filing Sent 02-01-22 Incomplete filing: property tax transfer resolution, approved map and geographic description	1/20/2022	Unknown
28	AD	Annexation 434 to District no. 14	Los Angeles County Sanitation Districts	40.26 acres of uninhabited territory. The affected territory is located on the southwest corner of 20th Street West and Avenue D, all within Unincorporated Los Angeles County.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/16/2022	Unknown
29	AD	Annexation 102 to District no. 20	Los Angeles County Sanitation Districts	2.56 acres of uninhabited territory. The affected territory is located on the south side of Avenue L approximately 400 feet east of 60th Street East, all within the City of Palmdale.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/17/2022	Unknown
30	AD	Annexation 763 to District no. 21	Los Angeles County Sanitation Districts	0.44 acres of uninhabited territory. The affected territory is located on the east side of Mountain Avenue approximately 100 feet south of Sage Street, all within unincorporated Los Angeles County.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/18/2022	Unknown
31	AD	Annexation 766 to District no. 21	Los Angeles County Sanitation Districts	2.75 acres of uninhabited territory. The affected territory is located on the southwest corner of San Jose Hills Road and Atterbury Drive, all within the City of Walnut.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/19/2022	Unknown
32	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1109	Los Angeles County Sanitation Districts	1.6 acres of uninhabited territory. The affected territory is located on Sloan Canyon Road approximately 350 feet north of Meadow Grass Drive, all within Unincorporated Los Angeles County.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/20/2022	Unknown

## **Staff Report**

**September 14, 2022**

**Agenda Item No. 7.a.**

**Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle),  
Annexation of Parcel 1 to the Greater Los Angeles County Vector Control District,  
Annexation of Parcel 1 & 2 to the City of Santa Clarita, and  
Amendment to the Greater Los Angeles County Vector Control District  
Sphere of Influence**

### **PROPOSAL SUMMARY:**

Size of Affected Territory:	1786± acres
Inhabited/Uninhabited:	Inhabited
Applicant:	City of Santa Clarita
Resolution:	November 12, 2019
Application Filed with LAFCO:	January 28, 2020
Certificate of Filing	August 15, 2022
Location:	The affected territory is located north of the intersection of Copper Hill Drive and Avenida Rancho Tesoro.
City/County:	Los Angeles County unincorporated territory adjacent to the City of Santa Clarita.
Affected Territory:	The affected territory consists of approximately 1,077 single-family homes, two parks, an elementary school, and vacant land. The affected territory is proposed to be developed to include approximately 820 additional single-family homes.
Surrounding Territory:	Surrounding the affected territory is residential, commercial, and vacant land.
Landowners/Real Party of Interest:	There are multiple owners of land on record.
Registered Voters:	2,279 registered voters as of December 5, 2019

Purpose/Background:	Several landowners within the affected territory approached the City of Santa Clarita for annexation. The property owners cite that the quality of services provided by the City and the desire for local government representation are the reasons for the annexation.
Jurisdictional Changes:	The jurisdictional changes that result from this proposal include annexation of Parcel 1 to the Greater Los Angeles County Vector Control District (District); annexation of Parcel 1 & 2 to the City of Santa Clarita (City); detachment of Parcel 1 & 2 from the County Road District No. 5; withdrawal of Parcel 1 & 2 from the County Lighting Maintenance District 1687 and Los Angeles County Library; exclusion of Parcel 1 & 2 from the County Lighting District LLA-1, Unincorporated Zone; and amendment to the Greater Los Angeles County Vector Control District Sphere of Influence.
Within SOI:	The affected territory is within the Sphere of Influence of the City of Santa Clarita but it is not within the Sphere of Influence of the Greater Los Angeles County Vector Control District. A concurrent Sphere of Influence Amendment to the Greater Los Angeles County Vector Control District SOI is being processed with this application.
Public Hearing:	Pursuant to Government Code § 56658(h), and upon issuing a Certificate of Filing, the Executive Officer set the proposal for public hearing and gave published notice thereof, within the required ninety (90) days.
California Environmental Quality Act (CEQA) Clearance:	The California Environmental Quality Act (CEQA) clearance is a Negative Declaration adopted by the City of Santa Clarita, as lead agency, on November 12, 2019.
Additional Information:	None

## **CERTIFICATE OF FILING**

Pursuant to Government Code § 56020.6, a Certificate of Filing (COF) is “the document issued by the Executive Officer that confirms an application for a change of organization or reorganization has met submission requirements and is accepted for filing.”

Upon reviewing the proposal for completeness, and pursuant to the requirements of Government Code § 56658, the Executive Officer issued the COF to the applicant on August 15, 2022. In conjunction with the issuance of the COF, the Executive Officer set the public hearing date as Wednesday, September 14, 2022.

## **FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE § 56668:**

### ***a. Affected population, territory and adjacent areas:***

The existing population is 3,231 residents as of January 2, 2019. The population density is 1.81 persons per acre.

The estimated future population is 5,700 residents.

The affected territory is 1,786+/- acres. The affected territory consists of approximately 1,077 single-family homes, two parks, an elementary school, and vacant land. The affected territory is proposed to be developed to include approximately 820 additional single-family homes.

The assessed valuation is \$725,808,431 as per tax roll 2019.

The per capita assessed valuation is \$224,639.

On August 9, 2022, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a corresponding property tax transfer resolution.

The topography of the affected territory is hilly.

The affected territory is bounded by San Francisquito Creek located on the eastern edge of the affected territory.

There are suburban drainage devices and basins located within the affected territory.

The nearest populated area is immediately adjacent to the affected territory. The affected territory is likely to experience modest growth in the next ten years. The adjacent areas are likely to experience modest growth in the next ten years.

**b. Governmental Services and Controls:**

The affected territory includes 1,077 single-family homes, two parks, an elementary school, and vacant land, all of which require organized governmental services. The affected territory will require governmental services indefinitely.

The present cost and adequacy of government services and controls in the area are acceptable. The probable effect of the proposed action and of alternative courses of action on the cost and adequacy of services and controls in the affected territory and adjacent areas is minimal.

Municipal Services	Current Service Provider	Proposed Service Provider
Animal Control	Los Angeles County Department of Animal Care and Control	Los Angeles County Department of Animal Care and Control (under contract to the City of Santa Clarita)
Fire and Emergency Medical	Consolidated Fire Protection District of Los Angeles County (CFPD)	Consolidated Fire Protection District of Los Angeles County (under contract to the City of Santa Clarita)
Flood Control	Los Angeles County Flood Control District	Same
Library	Los Angeles County Library District	City of Santa Clarita
Mosquito & Vector Control	Greater Los Angeles County Vector Control District (Parcel 2): and None (Parcel 1)	Greater Los Angeles County Vector Control District
Park and Recreation	Los Angeles County Department of Parks & Recreation	City of Santa Clarita
Planning	Los Angeles County Department of Regional Planning	City of Santa Clarita
Police Protection	Los Angeles Sheriff Department (LASD)	Los Angeles Sheriff Department (under contract to the City Santa Clarita)
Road Maintenance	Los Angeles County Department of Public Works	City of Santa Clarita
Solid Waste	Private Hauler under	Private Hauler under

	franchise to the County of Los Angeles	franchise to the City of Santa Clarita (Waster Management/Blue Barrel)
Street Lighting	Los Angeles County Department of Public Works	City of Santa Clarita
Water	Santa Clarita Valley Water Agency	Same
Wastewater	Santa Clarita Valley Sanitation District of Los Angeles County	Same

The County will continue to provide animal control, fire and emergency medical, flood control services, and police; the Santa Clarita Valley Water Agency will continue to provide water services; and the Santa Clarita Valley Sanitation District of Los Angeles County will continue to provide wastewater services; the Greater Los Angeles County Vector Control District will continue to provide mosquito and vector control services to Parcel 2.

Upon approval of the reorganization request, the City of Santa Clarita will provide library, park and recreation, planning, road maintenance, and street lighting, and solid waste services directly or through contracts and the Greater Los Angeles County Vector Control District will provide mosquito and vector control services to Parcel 1. The City of Santa Clarita and the Greater Los Angeles County Vector Control District will continue to provide adequate services and maintain current service levels. Enhanced service levels may be financed through general fund revenues, assessments, and/or developer fees.

The jurisdictional changes that result from this proposal include annexation of Parcel 1 to the Greater Los Angeles County Vector Control District and annexation of Parcel 1 & 2 to the City of Sant Clarita; detachment of Parcel 1 & 2 from County Road District No. 5; withdrawal of Parcel 1 & 2 from the County Lighting Maintenance District 1687 and Los Angeles County Library; exclusion of Parcel 1 & 2 from County Lighting District LLA-1, Unincorporated Zone; and amendment to the Greater Los Angeles County Vector Control District Sphere of Influence

For both Parcel 1 & 2, the following special district assessments would be applied to the affected territory:

Open Space Preservation District - \$37.00 per single-family residence per year,  
 Stormwater Facility Maintenance - \$26.22 per single-family residence per year,  
 Landscape Maintenance District - \$69.95 per single-family residence per year, and  
 Streetlight Maintenance District - \$81.71 per single-family residence per year.

Because Parcel 2 is already located within the boundaries of the Greater Los Angeles County Vector Control District, it is already subject to this assessment.



**c. *Proposed Action and Alternative Actions:***

The proposed annexations will have no effect on adjacent areas. The proposed annexations will have no effect on mutual social and economic interests. The proposal has no impact on the governmental structure of the County.

The effect of alternate actions on mutual social and economic interests and on the local governmental structure of the County is minimal.

**d. *Conformity with Commission Policies on Urban Development and Open Space, and Conformity with Open Space Land Conversion Policies in Government Code § 56377:***

The proposal does not conflict with any Commission-adopted policies on urban development and open space conversion.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code § 56377.

**e. *Agricultural Lands:***

There are no effects on agricultural lands, as defined by Government Code § 56016. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotation program, or land enrolled in an agricultural subsidy or set-aside program. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka “Williamson Act”) contract nor in a Farmland Security Zone (California Land Conservation Act 2016-2017 Status Report).

**f. *Boundaries:***

The boundaries of the affected territory have been clearly defined by the applicant, conform to lines of assessment or ownership, and have been reviewed and approved by LAFCO's GIS/Mapping Technician.

The affected territory in this proposed reorganization is contiguous to the existing boundaries of the Greater Los Angeles County Vector Control District and the City of Santa Clarita.

The proposal does not create islands or corridors of unincorporated territory

**g. *Regional Transportation Plan:***

The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080. The closest highway to the reorganization is part of the RTP and SCS's State Highway improved program. The closest highway in the RTP/SCS is Interstate 5, which is approximately one mile west from the affected territory.

***h. Consistency with Plans:***

The proposal is consistent with the existing County General Plan designations of Open Space Parks and Recreation (OS-PR), Open Space Water (OS-W), Residential 2 (H2), Residential 5 (H5), Residential 18 (H18), Residential 30 (H30), Rural Residential 2 (RU2), Rural Residential 5 (RU5), and Rural Residential 10 (RU10).

The affected territory is not within the boundaries of any Specific Plan.

Pursuant to the requirements of Government Code § 56375(a)(7), Pre-Zoning Ordinance No. 19-9 was adopted by the City of Santa Clarita Council on November 26, 2019. The pre-zoning designation of Non-Urban Residential 3 (NU3), Open Space (OS), Open Space-Agriculture (OS-A), Public/Institutional (PI), Urban Residential 2 (UR2) 5 units per acre, Urban Residential 3 (UR3) 11 units per acre Urban Residential 4 (UR4) 18 units per acre, and Urban Residential 5 (UR5) 30 units per acre are consistent with the City of Santa Clarita General Plan.

***i. Sphere of Influence:***

The affected territory is within the Sphere of Influence of the City of Santa Clarita.

The affected territory is not within the Sphere of Influence of the Greater Los Angeles County Vector Control District, but a concurrent Sphere of Influence Amendment is being processed with this application.

***j. Comments from Public Agencies:***

Staff received comments via letter on March 16, 2020, from the County of Los Angeles Fire Department, stating no changes of service nor impact would result from the reorganization and March 31, 2020, from the Los Angeles County Sheriff's Department, stating potential future impacts due to future development plans will be addressed by the Department's Contract Law Enforcement Bureau.

***k. Ability to Provide Services:***

The City of Santa Clarita currently provides municipal services to almost 67,000 parcels of land. The annexation would add approximately 1,200 more parcels and over 3,000 residents to the service area.

The City indicated that it has the ability to provide services to the affected territory once the reorganization is complete.

The District currently provides vector control services to over 851,000 acres or 1,330 square miles of land throughout Los Angeles County. The annexation would add 1,609.27 acres to the service area.

The District indicated that it has the ability to provide vector control services to the affected territory once the reorganization is complete.

***l. Timely Availability of Water Supplies:***

There are no known issues regarding water supply or delivery specific to the proposed annexations. Previously, Los Angeles County approved several discretionary actions, for which there was a separate CEQA document which addressed the timely availability of water supplies.

***m. Regional Housing Needs:***

The County and City have agreed to a Regional Housing Needs Assessment (RHNA) allocation transfer of 820 above moderate-income units from the County to the City.

***n. Comments from Landowners, Voters, or Residents:***

Staff did not receive any significant comments from landowners, voters, or residents.

***o. Land Use Designations***

The proposal is consistent with the existing County General Plan designations of Open Space Parks and Recreation (OS-PR), Open Space Water (OS-W), Residential 2 (H2), Residential 5 (H5), Residential 18 (H18), Residential 30 (H30), Rural Residential 2 (RU2), Rural Residential 5 (RU5), and Rural Residential 10 (RU10).

The proposal is consistent with the existing County zoning designation of Heavy Agriculture (A-2-2), Open Space (OS), Single-Family Residential (R1), Limited Density Multiple Residence (R-3 and R-3-24U-DP), and Residential Planned Development (RD-12000-3.7U, RPD-200000-2.8, RPD-5000-27U, and RDP-5000-2U).

***p. Environmental Justice:***

The proposal makes no representations on exclusions of peoples of any race, culture, income and/or national origins with respect to the location of public facilities and public services, to ensure a healthy environment for all people such that the effects of the pollution are not disproportionately borne by any particular populations or communities.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory according to data obtained and extracted from the Census Bureau of the United States Department of Commerce 2014-2018 American Community Survey (ACS).

***q. Hazard Mitigation Plan:***

The County of Los Angeles All-Hazard Mitigation Plan (approved February 13, 2019) establishes the County's emergency policies and procedures in the event of a disaster and addresses allocation of resources and protection of the public in the event of an emergency.

The Safety Element of the General Plan for the County of Los Angeles (approved October 6, 2015) addresses reduction of the potential risk of death, injuries, and economic damages resulting from natural and man-made hazards.

The affected territory is within a Very High Fire Hazard Zone pursuant to maps published by the California Department of Forestry and Fire Protection (Cal Fire). The affected territory is within the maps that identify State Responsibility Area. Both the County of Los Angeles All-Hazard Mitigation Plan and the Safety Element of the General Plan include information relating to mitigation and management of wildfire and fire hazard severity zones.

**ADDITIONAL FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT  
CODE § 56668.3:**

***a) District Annexation or City Detachment:***

The proposed action involves a district annexation.

***(1) Interest in landowners/inhabitants, district annexations:***

The proposed action will be for the interest of the landowners and/or present and/or future inhabitants within the district and within the affected territory.

***(2) Interest in landowners/inhabitants, city detachments:***

The proposed action does not involve a city detachment.

***(3) Any factors which may be considered by the commission provided in Government  
Code § 56668:***

The Commission has addressed the factors in *Government Code* § 56668, subsections (a) through (q), above.

***(4) Any resolution raising objections to the action that may be filed by an affected agency:***

No affected agency has filed a resolution raising objections to the proposed action.

***(5) Any other matters which the commission deems material:***

There are no additional matters which the commission deems material to the proposed action.

**REGIONAL GROWTH CONSIDERED PURSUANT TO GOVERNMENT  
CODE § 56668.5:**

The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080.

Regional growth goal and policies were a consideration of the proposed action.

**ADDITIONAL INFORMATION/OTHER MATTERS (RELEVANT TO THE  
PROPOSAL):**

None.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:**

The CEQA clearance is a Negative Declaration (ND) adopted by the City of Santa Clarita, as lead agency, on November 12, 2019. The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines § 15096. The ND is available at [www.lalafco.org](http://www.lalafco.org) and through the offices of the Los Angeles LAFCO.

### **PUBLIC HEARING NOTICE:**

**Mailed Notice:** The number of landowners and registered voters required to provide notice to exceeds 1,000. Pursuant to Government Code § 56157(h), If the total number of notices required to be mailed in accordance with Government Code § 56157 (d) and (f) exceeds one thousand (1,000), then notice may instead be provided by publishing a display advertisement of at least one-eighth page in a newspaper, as specified in Government Code § 56153, at least 21 days prior to the hearing. LAFCO is also required to provide mailed notice of the public hearing to “each affected local agency, or affected county, and to any interested party who has filed a written request” pursuant to Government Code § 56427; and notice “shall be mailed at least 21 days prior to the date specified in the notice for hearing”.

**Newspaper Notice:** LAFCO is required to provide notice of the public hearing “in one or more newspapers of general circulation within each affected county, affected city, or affected district,” pursuant to Government Code § 56153, and notice “shall be commenced at least 21 days prior to the date specified in the notice for the public hearing,” pursuant to Government Code § 56154. LAFCO published a one-eighth page hearing notice in the Daily Commerce on August 20, 2022.

All requirements for the public hearing notice have been satisfied.

### **SPHERE OF INFLUENCE AMENDMENT DETERMINATIONS PURSUANT TO GOVERNMENT CODE § 56425(e):**

#### ***1. Present and Planned Land Uses in the Area:***

The affected territory consists of approximately 1,077 single-family homes, two parks, an elementary school, and vacant land. The affected territory is proposed to be developed to include approximately 820 additional single-family homes.

There are no proposed/future land use changes due to this sphere of influence amendment.

#### ***2. Present and Probable Need for Public Facilities and Services in the Area:***

The affected territory is located within the unincorporated County of Los Angeles adjacent to the City of Santa Clarita. General government services, including animal control, fire and emergency medical, flood control, library, mosquito and vector control, park and recreation,

planning, police, road maintenance, solid waste, street lighting, water, wastewater, and other services are provided by the County and other special districts.

The affected territory includes 1,077 single-family homes, two parks, an elementary school, and vacant land, all of which requires organized governmental services. The affected territory will require governmental facilities and services indefinitely.

The present cost and adequacy of government services and controls in the area are acceptable. The probable effect of the proposed action and of alternative courses of action on the cost and adequacy of services and controls in the affected territory and adjacent areas would be for Parcel 1 to not receive vector control services, leading to increased risk of vector-borne diseases, which could adversely impact property values and quality of life.

**3. *Present Capacity of Public Facilities and Services:***

The District currently provides vector control services to over 851,000 acres or 1,330 square miles of land throughout Los Angeles County. The annexation would add 1,609.27 acres to the service area. The District indicated that it has the ability to provide vector control services to the affected territory once the reorganization is complete.

**4. *Social or Economic Communities of Interest:***

There are no significant social or economic communities of interest within the affected territory.

**5. *Disadvantaged Unincorporated Communities:***

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory according to data obtained and extracted from the Census Bureau of the United States Department of Commerce 2014-2018 American Community Survey (ACS).

**SPHERE OF INFLUENCE AMENDMENT DETERMINATIONS PURSUANT TO GOVERNMENT CODE § 56425(i):**

The Commission has a written statement of the functions and classes of service of the Greater Los Angeles County Vector Control District specifying the nature, location and extent of its classes of service that it provides vector control within its boundary, on file. The Commission's written statement remain unchanged by this amendment.

**MUNICIPAL SERVICE REVIEW DETERMINATIONS PURSUANT TO GOVERNMENT CODE § 56430(a):**

In order to prepare and to update spheres of influence in accordance with § 56425, the Commission shall conduct a Municipal Service Review (MSR) of the municipal services provided in the county or other appropriate area designated by the commission.

A MSR for the Greater Los Angeles County Vector Control District was completed during the

Commission's initial round of service reviews. Since this annexation is not expected to impact the overall comprehensive services of the Greater Los Angeles County Vector Control District, an MSR is not being required for the current sphere of influence amendment to include the affected territory. At this time, the existing MSR is sufficient to fulfill the requirements of Government Code § 56430 for this sphere amendment.

**CONCLUSION:**

Staff recommends approval of the proposal as a logical and reasonable extension of the Greater Los Angeles County Vector Control District and the City of Santa Clarita which will be for the interest of landowners and/or present and/or future inhabitants within the District and City and within the affected territory.

**RECOMMENDED ACTION:**

1. Open the public hearing and receive testimony on the reorganization and SOI amendment;
2. There being no further testimony, close the public hearing;
3. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle); Amendment to the Greater Los Angeles County Vector Control District Sphere of Influence; and
4. Pursuant to Government Code § 57002, set November 9, 2022, at 8:30 a.m. or the Commission's next available meeting date consistent with the protest provisions, at the Commission's virtual meeting held by teleconference and web access pursuant to the provisions of Government Code Section § 54953 relative to virtual meetings, as well as the County of Los Angeles "Best Practices to Prevent COVID-19", the date, place, and time for Commission protest proceedings, unless cancelled or rescheduled by the Commission or the Commission Chair approves an alternative meeting location.

**RESOLUTION NO. 2022-00RMD  
RESOLUTION OF THE LOCAL AGENCY FORMATION  
COMMISSION FOR THE COUNTY OF LOS ANGELES  
MAKING DETERMINATIONS APPROVING  
"REORGANIZATION NO. 2020-01 TO THE CITY OF SANTA CLARITA (TESORO DEL VALLE),  
ANNEXATION OF PARCEL 1 TO THE GREATER LOS ANGELES COUNTY VECTOR CONTROL  
DISTRICT, ANNEXATION OF PARCEL 1 & 2 TO THE CITY OF SANTA CLARITA, AND AMENDMENT  
TO THE GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT SPHERE OF INFLUENCE"**

WHEREAS, the City of Santa Clarita (City) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to Division 3, Title 5, of the California Government Code (commencing with § 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of Parcel 1 to the Greater Los Angeles County Vector Control District (District); annexation of Parcel 1& 2 to the City of Santa Clarita; detachment of Parcel 1 & 2 from and the County Road District No. 5; withdrawal of Parcel 1 & 2 from the County Lighting Maintenance District 1687 and Los Angeles County Library; exclusion of Parcel 1 & 2 from County Lighting District LLA-1, Unincorporated Zone; and amendment to the Greater Los Angeles County Vector Control District Sphere of Influence, all within the County of Los Angeles (County); and

WHEREAS, the proposed annexation consists of approximately 1,786± acres of inhabited territory and is assigned the following distinctive short-form designation: "Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle)"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed reorganization is that landowners



within the affected territory desire the services provided by the City and for local government representation; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Executive Officer has given notice of the public hearing pursuant to Government Code §§ 56150-56160, 57025, and 57026, wherein the public hearing notice was published in a newspaper of general circulation in the County of Los Angeles on August 20, 2022, which is at least 21 days prior to the public hearing, and said hearing notice was also mailed to all required recipients by first-class mail on or before the date of newspaper publication; and

WHEREAS, on September 14, 2022, after being duly and properly noticed, this proposal came on for hearing, at which time this Commission heard and received all oral and written testimony, objections, and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, pursuant to Government Code § 57002, the Commission set the protest hearing for November 9, 2022, at 8:30 a.m., at the Commission's virtual meeting held by teleconference and web access pursuant to the provisions of Government Code Section § 54953 relative to virtual meetings, as well as the County of Los Angeles "Best Practices to Prevent COVID-19", unless cancelled or rescheduled by the Commission or the Commission Chair approves an alternative meeting location.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Acting as a responsible agency with respect to Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle), pursuant to State CEQA Guidelines § 15096, the Commission considered the Negative Declaration prepared and adopted by the City of Santa Clarita, as lead agency, on November 12, 2019, together with any comments received during the public review process; and certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effects of the City of Santa Clarita's approvals related to the project as shown in the Negative Declaration.
2. The Commission hereby amends the Sphere of Influence of the Greater Los Angeles County Vector Control District and makes the following determinations in accordance with Government Code § 56425(e):

(1) Present and Planned Land Uses in the Area:

The affected territory consists of approximately 1,077 single-family homes, two parks, an elementary school, and vacant land. The affected territory is proposed to be developed to include approximately 820 additional single-family homes.

There are no proposed/future land use changes due to this sphere of influence amendment.

(2) Present and Probable Need for Public Facilities and Services in the Area:

The affected territory is located within the unincorporated County of Los Angeles adjacent to the City of Santa Clarita. General government services, including animal control, fire and emergency medical, flood control, library, mosquito and vector control, park and recreation, planning, police, road maintenance, solid

waste, street lighting, water, wastewater, and other services are provided by the County and other special districts.

The affected territory includes 1,077 single-family homes, two parks, an elementary school, and vacant land, all of which requires organized governmental services. The affected territory will require governmental facilities and services indefinitely.

The present cost and adequacy of government services and controls in the area are acceptable. The probable effect of the proposed action and of alternative courses of action on the cost and adequacy of services and controls in the affected territory and adjacent areas would be for Parcel 1 to not receive vector control services, leading to increased risk of vector-borne diseases, which could adversely impact property values and quality of life.

(3) Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide:

The District currently provides vector control services to over 851,000 acres or 1.330 square miles of land throughout Los Angeles County. The annexation would add 1,609.27 acres to the service area. The District indicated that it has the ability to provide vector control services to the affected territory once the reorganization is complete.

(4) Existence of Any Social or Economic Communities of Interest:

There are no significant social or economic communities of interest within the affected territory.

(5) Disadvantaged Unincorporated Communities:

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory according to data obtained and extracted from the Census Bureau of the United States Department of Commerce 2014-2018 American Community Survey (ACS).

(6) Determination of the Services of the Existing District:

The Commission has a written statement of the functions and classes of service of the District specifying the nature, location and extent of its classes of service and that it provides vector control service within its boundary, on file.

3. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.
4. The affected territory consists of 1,786± acres, is inhabited, and is assigned the following short form designation: "Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle)."
5. Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle), is hereby approved, subject to the following terms and conditions:
  - a. The City agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO

and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.

- b. The effective date of the annexation shall be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-Recorder/County Clerk.
- c. Recordation of the Certificate of Completion shall not occur prior to the conclusion of the 30-day reconsideration period provided under Government Code § 56895.
- d. All fees due to LAFCO, the County of Los Angeles (including, but not limited to, fees owed to the County Assessor and/or the Registrar-Recorder/County Clerk), and the State of California Board of Equalization; shall be paid by the Applicant, in full, prior to LAFCO's filing the Certificate of Completion. Failure to pay any and all fees due to LAFCO, the County of Los Angeles, and the State Board of Equalization, within one year of the Commission approval of this change of organization/reorganization, will result in the change of organization/reorganization being terminated pursuant to Government Code §57001 unless, prior to expiration of that year, the Commission authorizes an extension of time for that completion.
- e. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the City and/or District.
- f. The regular County assessment roll shall be utilized by the City and/or District.

- g. The affected territory will be taxed for any existing general indebtedness, if any, of the City and/or District.
- h. Annexation of the affected territory described in Exhibits "A" and "B" as annexation of Parcel 1 to the Greater Los Angeles County Vector Control District and annexation of Parcel 1 & 2 to the City of Santa Clarita.
- i. The map and geographic description of the affected territory shall comply with all requirements of LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and the State of California Board of Equalization. If LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and/or the State of California Board of Equalization require changes, the map and geographic description shall be revised and all associated costs shall be the responsibility of the Applicant.
- j. Detachment of Parcel 1 & 2 from the County Road District No. 5.
- k. Withdrawal of Parcel 1 & 2 from the County Lighting Maintenance District 1687 and Los Angeles County Library.
- l. Exclusion of Parcel 1 & 2 from the County Lighting District LLA-1, Unincorporated Zone.
- m. Upon the effective date of the reorganization, all right, title, and interest of the County, including but not limited to, the underlying fee title or easement where owned by the County, in any and all sidewalks, trails, landscaped areas, street lights, property acquired and held for future road purposes, open space, signals, storm drains, storm drain catch basins, local sanitary sewer lines, sewer pump stations and force mains, water quality treatment basins and/or structures, and

water quality treatment systems serving roadways and bridges shall vest in the City.

- n. Upon the effective date of the reorganization, the City shall be the owner of, and responsible for, the operation, maintenance, and repair of all of the following property owned by the County: public roads, adjacent slopes appurtenant to the roads, street lights, traffic signals, mitigation sites that have not been accepted by regulatory agencies but exist or are located in public right-of-way and were constructed or installed as part of a road construction project within the annexed area, storm drains and storm drain catch basins within street right-of-way and appurtenant slopes, medians and adjacent property.
- o. Upon the effective date of the reorganization, the City shall do the following: (1) assume ownership and maintenance responsibilities for all drainage devices, storm drains and culverts, storm drain catch basins, appurtenant facilities (except regional Los Angeles County Flood Control District (LACFCD) facilities for which LACFCD has a recorded fee or easement interest and which have been accepted into the LACFCD system), site drainage, and all master plan storm drain facilities that are within the annexation area and are currently owned, operated and maintained by the County ; (2) accept and adopt the County of Los Angeles Master Plan of Drainage (MPD), if any, which is in effect for the annexation area. Los Angeles County Department of Public Works Department (LACDPW) should be contacted to provide any MPD which may be in effect for the annexation area. Deviations from the MPD shall be submitted to the Chief

Engineer of LACFCD/Director of LACDPW for review to ensure that such deviations will not result in diversions between watersheds and/or will not result in adverse impacts to LACFCD's flood control facilities; (3) administer flood zoning and Federal Emergency Management Agency floodplain regulations within the annexation area; (4) coordinate development within the annexation area that is adjacent to any existing flood control facilities for which LACFCD has a recorded easement or fee interest, by submitting maps and proposals to the Chief Engineer of LACFCD/Director of LACDPW, for review and comment.

- p. The Applicant shall comply with that certain Parks Transfer Agreement, approved by the County on September 6, 2022, and the City on August 23, 2022.
  - q. The Applicant shall comply with the Supplemental Joint Resolution of the Board of Supervisors of the County of Los Angeles and the City Council of the City of Santa Clarita, adopted by the County on September 6, 2022, and the City on August 23, 2022.
  - r. Except to the extent in conflict with "a" through "q", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code § 57325) shall apply to this reorganization.
6. Pursuant to Government Code § 57002, the Commission hereby sets the protest hearing for November 9, 2022 at 8:30 a.m. and directs the Executive Officer to give notice thereof pursuant to Government Code §§ 57025 and 57026.



7. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Government Code § 56882.
8. Pursuant to Government Code § 56883, the Executive Officer may make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED this 14<sup>th</sup> day of September 2022.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

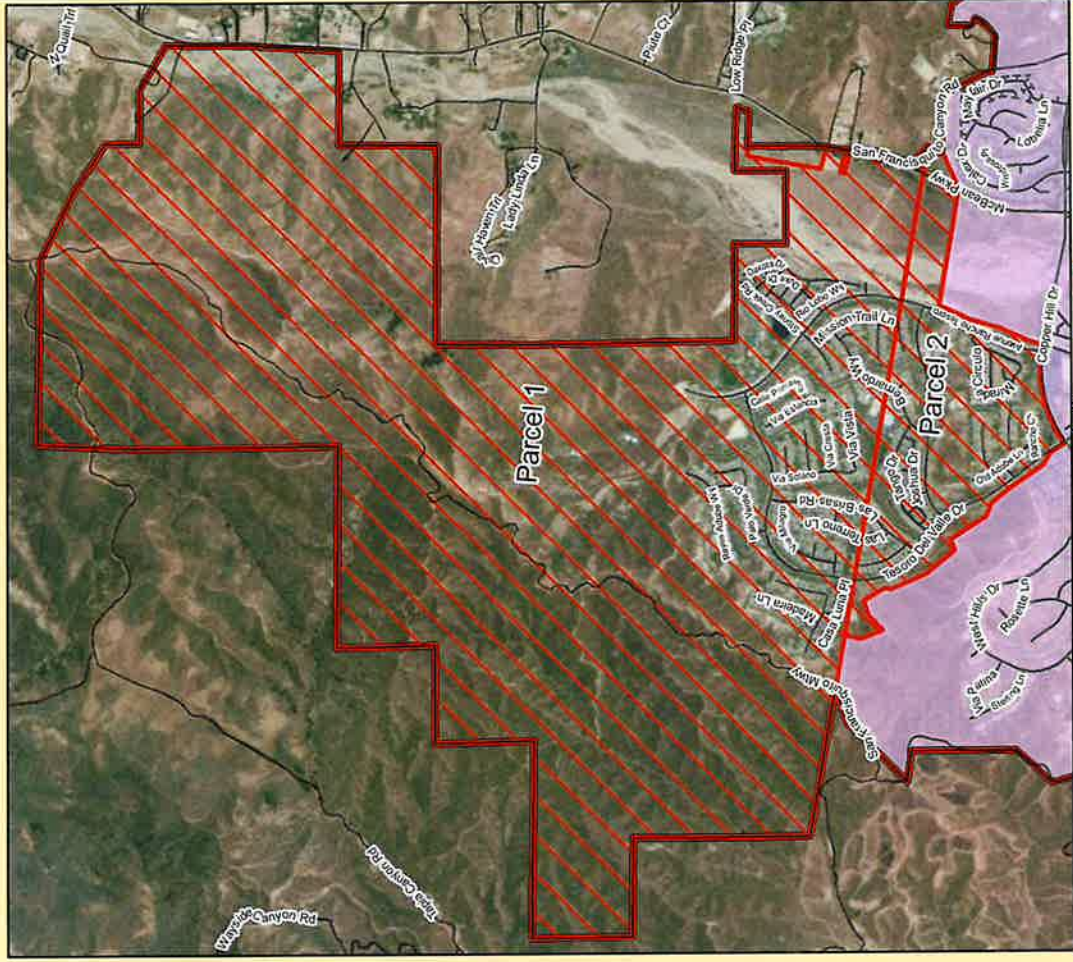
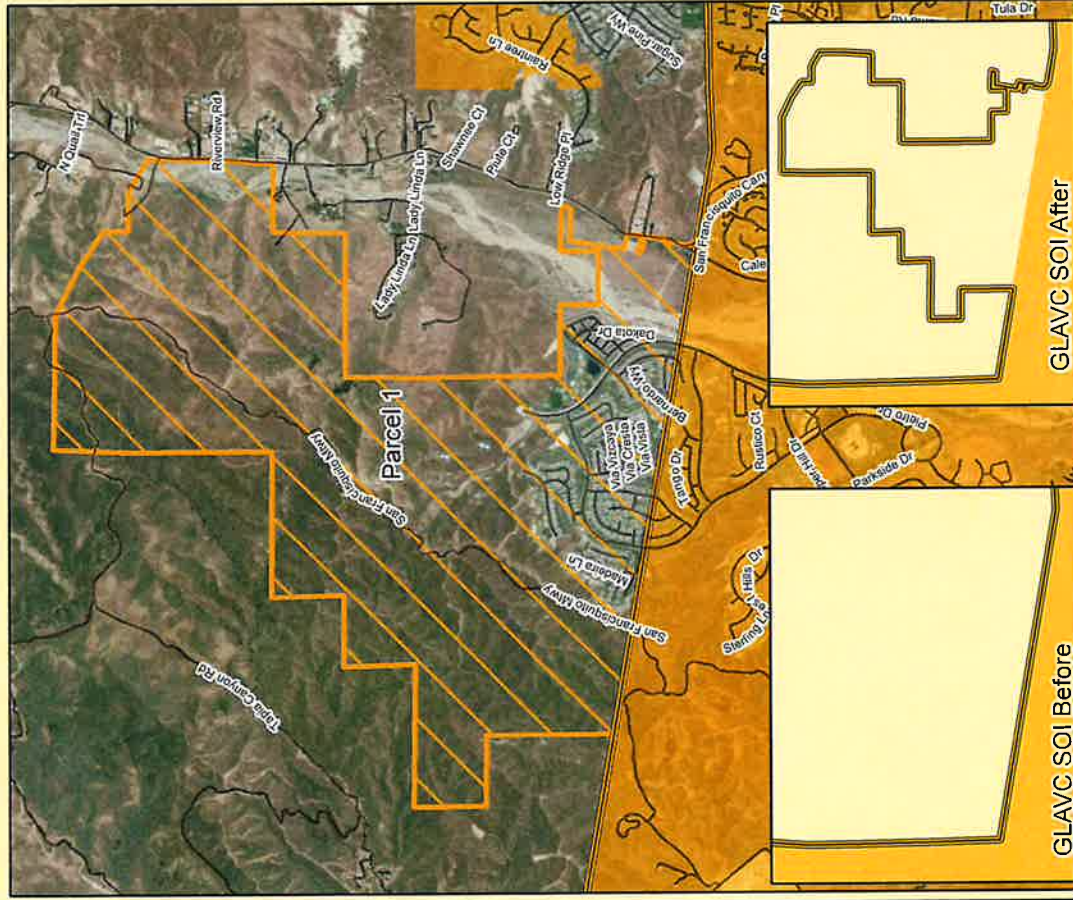
ABSENT:

MOTION PASSES: 0/0/0

**LOCAL AGENCY FORMATION COMMISSION  
FOR THE COUNTY OF LOS ANGELES**

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**Paul A. Novak, AICP  
Executive Officer**



**Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro Del Valle),  
Annexation of Parcel 1 to the Greater Los Angeles County  
Vector Control District, Annexation of Parcel 1 & 2 to the  
City of Santa Clarita, and Amendment to the Greater Los  
Angeles County Vector Control District Sphere of Influence**

**Legend**

- Greater LA County VCD
- Greater LA County VCD, Sphere of Influence (SOI)
- Annexation to the Greater LA VCD
- Annexation to the City of Santa Clarita
- Santa Clarita Sphere of Influence (SOI)
- City of Santa Clarita



September 14, 2022

## **Staff Report**

**September 14, 2022**

**Agenda Item No. 7.b.**

### **MSR No. 2022-05: Municipal Services Review (MSR) and Sphere of Influence (SOI) Update for the Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District)**

#### **Executive Summary**

The Commission periodically prepares Municipal Service Reviews (MSRs) and updates the Spheres of Influence (SOIs) for cities and special districts in Los Angeles County.

Staff has prepared, and recommends the Commission adopt, a Draft MSR and SOI Update for the two (2) Health Care Districts (HCDs) operating in Los Angeles, which are the Antelope Valley Medical Center (AVMC) and Beach Cities Health District (BCHD).

Staff has determined, and recommends the Commission authorize, the functions and classes of services (“active powers”) for the AVMC and the BCHD, as described in the MSR and Resolution Making Determinations (RMD), pursuant to Government Code 56425(i).

Based upon staff’s discussions with AVMC and BCHD representatives, as well as other stakeholders, staff recommends that the Commission reconfirm the existing SOI for the AVMC, and amend the SOI for the BCHD to become a Coterminous SOI.

#### **Background**

Health Care Districts (HCDs, and formerly known as hospital districts) are independent special districts, managed by an elected board of directors, which provide healthcare services within a specified geographic area. According to the Association of California Healthcare Districts (ACHD), there are seventy-seven (77) HCDs in California. Thirty-seven (37) health care districts operate a total of thirty-nine (39) hospitals. The Legislature recognized the evolution of these districts with the adoption of SB 1169 (Maddy) in 1994. SB 1169 renamed hospital as health care districts, reflecting that health care was increasingly being provided outside of the hospital setting. More recently, SB 1953 established seismic standards for hospitals requiring compliance by 2030. The enhanced seismic requirements may result, in some cases, in substantial construction, and/or the replacement of, existing hospitals and buildings formerly used as hospitals.

AVMC operates a traditional hospital in the City of Lancaster, serving that city, the City of Palmdale, and the surrounding unincorporated communities. BCHD provides health and wellness programs focused on preventative health in the Cities of Hermosa Beach, Manhattan Beach, and Redondo Beach; the BCHD formerly operated a hospital, which closed in 1998.



## **MUNICIPAL SERVICE REVIEW DETERMINATIONS:**

Pursuant to Government Code § 56430, and in order to prepare and to update a Sphere of Influence meeting the requirements of § 56425, “the Commission shall conduct a review of the municipal services” in that particular district and “consider and prepare a written statement of its determinations.” Staff has prepared draft MSR determinations for the AVMC and the BCHD, which can be found as attachments to the draft Resolution Making Determinations (RMD) provided to the Commission. Detailed discussions of the research and analysis underlying these determinations is available in the MSR for the AVMC (Pages 23-28) and the BCHD (Pages 43-52).

Some LAFCOs prepare MSRs for each city and special district in their region every five (5) years (generally, these are LAFCOs with jurisdiction over a very limited number of cities and special districts). Other LAFCOs do not prepare MSRs proactively; rather, when a city, special district, or petitioner wants to expand the boundaries of an SOI, the LAFCO requires that the applicant pay for the preparation of an MSR in advance of the SOI determination. Most LAFCOs take an intermediate approach, preparing MSRs for a select group of cities and special districts every five years. This is the approach approved by the Commission at its meeting of March 9, 2011.

In the current round (Round Three), LAFCO is preparing MSRs for a total of nine (9) cities and eleven (11) special districts. To date, the Commission has adopted the following MSRs: the Wrightwood Community Services District on January 8, 2020; the Consolidated Fire Protection District of Los Angeles County (CFPD) on July 8, 2020; the Cities of La Mirada and Whittier on March 10, 2021; the Santa Clarita Valley Water Agency (SCVWA) on August 10, 2020; the Cities of Agoura Hills, Calabasas, Hidden Hills, and Westlake Village on September 9, 2020; the Point Dume Community Services District on July 14, 2021; and the Antelope Valley Resource Conservation District and the Resource Conservation District of the Santa Monica Mountains on March 9, 2022.

## **SPHERE OF INFLUENCE DETERMINATIONS**

Since 1971, LAFCOs have been required to develop and adopt a SOI for each city and special District. Government Code §56076 defines a SOI as “a plan for the probable physical boundaries and services area of a local agency, as determined by the commission.”

Determining SOIs is central to the Commission’s purpose. As stated in Government Code § 56425:

“In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission 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 city and special district, as defined by Section 56036, within

the county and enact policies designed to promote the logical and orderly development of areas within the sphere.”

Section 56425(g) further requires that the Commission review and update SOI’s “every five years...as necessary.” As noted previously, LA LAFCO prepares MSRs for a select group of cities and special districts every five years.

Staff has prepared draft SOI determinations for the AVMC and the BCHD, which can be found as attachments to the draft RMD provided to the Commission. Detailed discussions of the research and analysis underlying these determinations is available in the MSR for the AVMC (Pages 28-30) and the BCHD (Pages 53-54).

### **SPHERE OF INFLUENCE RECOMMENDATIONS**

1. AVMC SOI Recommendation: The existing SOI for the AVMC is a Coterminous SOI, one in which the jurisdictional and SOI boundaries are the same.

Staff recommends that the Commission reconfirm the existing Coterminous SOI for the AVMC, as shown in the AVMC Proposed SOI Map included with this staff report, and as depicted in the MSR (Page 31). Staff’s recommendation is based upon the following considerations:

- The Coterminous SOI for the AVMC covers vast territory, encompassing most of the Antelope Valley, and including significant portions of unincorporated Acton and Agua Dulce.
- According to AVMC representatives, the AVMC has no interest in annexing additional territory into its jurisdictional boundary in the foreseeable future.

2. BCHD SOI Recommendation: The existing SOI for the BCHD is a “Larger Than SOI,” one in which the SOI includes territory which is outside the jurisdictional boundary of the involved agency.

Staff recommends that the Commission amend the SOI for the BCHD to remove those areas within the SOI boundary that extend beyond the BCHD’s jurisdictional boundary—generally including the cities of El Segundo, Gardena, Hawthorne, Lawndale, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, and Torrance; and the unincorporated communities of Del Aire, West Alondra Park, Westfield, and others; as shown in the BCHD Proposed SOI Map included with this staff report, and as depicted in the MSR (Page 55). Adoption of this recommendation would establish a “Coterminous SOI,” which is one in which the jurisdictional boundary and the SOI boundary are the same.

Staff's recommendation is based upon the following considerations:

- Since the adoption of the SOI in 1983, the BCHD has made no effort to expand its jurisdictional boundaries.
- According to BCHD representatives, the BCHD has no interest in annexing additional territory into its jurisdictional boundary in the foreseeable future.

**FUNCTIONS AND CLASSES OF SERVICES PURSUANT TO GOVERNMENT CODE 56425(i):**

The Commission is required to establish the nature, location and extent of the District's functions or classes of service in accordance with Government Code § 56425(i).

The existing “functions or classes of services” are those municipal services that are already being provided by a special district within its boundaries. Prior to recent changes in the Act, these existing functions or classes of services were known as “active powers.” New or different functions or classes of services are those powers authorized by the principal act under which the district was formed, but not currently exercised by a special district; prior to recent changes in the Act, these existing functions or classes of services were known as “latent powers.”

State law directs LAFCOs to determine each special district's active powers, and to maintain a record of those active powers. Because LAFCO did not identify active powers for the AVMC when LAFCO added special district representatives, nor when LAFCO adopted prior MSRs, this MSR will determine those active powers which the AVMC and the BCHD are currently providing. All other services are considered to be latent powers; LAFCO approval (pursuant to Government Code Section 56824.10) would be required before either district could provide any new or different functions or classes of services.

Staff notes that this approach—to identify active powers when adopting an MSR and SOI Update—is consistent with how the Commission has approached the same issue for other agencies. This is what the Commission did when it adopted MSR & SOI Updates for the Bradbury Estates Community Services District in 2018, the Pasadena Glen Community Services District in 2018, the Point Dume Community Services District in 2021, the Consolidated Fire Protection District of Los Angeles County in 2020, the Santa Clarita Valley Water Agency in 2020, the Antelope Valley Resource Conservation District in 2022, and the Resource Conservation District of the Santa Monica Mountains in 2022.

Staff proposes that the Commission authorize the AVMC and the BCHD, respectively, to provide those functions or classes of services identified in attachments to the draft RMD which accompanies this staff report; and as identified, analyzed, and discussed in the Draft MSR for the AVMC (Pages 8-23) and for the BCHD (Pages 35-42).

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:**

The MSR and SOI Update for the HCDs, and the authorization of functions and classes of services for the HCDs, are exempt from the provisions of CEQA under the commonsense exemption in 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that there is no possibility that the recommended MSR and SOI Updates for the HCDs and the authorization of functions and classes of services for the HCDs will have a significant effect on the environment. In the alternative, the MSR and SOI Update and the authorization of functions and classes of services for the HCDs, are not a project for purposes of CEQA because they are an organizational activity of government with no direct or indirect effects on the physical environment and therefore is excluded from the definition of a project, pursuant to Section 15378(b) of the State CEQA Guidelines.

### **REQUIRED PUBLIC HEARING NOTICE:**

The Executive Officer set September 14, 2022, as the hearing date on this MSR/SOI Update, and gave the required notice of public hearing pursuant to Government Code § 56427. Notice of the public hearing for the proposed Sphere of Influence update was given pursuant to Government Code §§ 56150-56160. LAFCO is required to provide notice of the public hearing “in one or more newspapers of general circulation within each affected county, affected city, or affected district,” pursuant to Government Code § 56153, and notice “shall be commenced at least 21 days prior to the date specified in the notice for the public hearing,” pursuant to Government Code § 56154. Staff published a hearing notice in the Daily Commerce on Monday, August 8, 2022. The publication in the Daily Commerce satisfied all legal requirements for public hearing notice pursuant to State Law.

### **ADDITIONAL PUBLIC NOTICE:**

On June 7, 2022, staff emailed a copy of the Draft MSR/SOI Update to representatives of the AVMC and the BCHD; city managers in the cities of Hermosa Beach, Lancaster, Manhattan Beach, Palmdale, and Redondo Beach; Los Angeles County Supervisors Kathryn Barger and Holly Mitchell; and several other stakeholders interested in the BCHD.

### **PUBLIC COMMENT**

Staff received no public comment relative to the AVMC.

Beginning more than a year ago, stakeholders began contacting LAFCO relative to the BCHD, generally via email correspondence. Staff has printed all emails, scanned them, and they are included as an attachment to this staff report. Given the volume of stakeholder comments—which, when printed, exceed sixteen inches (16”) in height—staff prepared a separate link to all of these comments, and made them available to the public and to Commissioners along with the formal notice of agenda availability. This correspondence is generally characterized as follows:

- The overwhelming majority of correspondence came from one individual.

- A few individuals emailed on more than one occasion, generally providing a handful of comments.
- Approximately twenty-two (22) stakeholders expressed concerns about the BCHD;
- Of the comments received, seventeen (17) stakeholders addressed concerns—largely, related to perceived adverse environmental impacts—regarding BCHD’s proposal to demolish the former hospital building and redevelop its property. The proposed redevelopment of the BCHD property is a land-use issue within the jurisdictional authority of the City of Redondo Beach, in which the property is located, and which is beyond the scope of LAFCO’s jurisdictional authority. As noted in Government Code §56886, the Commission shall not impose terms and conditions on applications it considers that directly regulate land use, property development, or subdivision requirements.
- Stakeholders also voiced concerns about transparency regarding BCHD activities (Brown Act, notice, etc.); allegations that BCHD provides services to residents from outside its jurisdiction; and other, miscellaneous issues.
- Several stakeholders addressed issues within LAFCO’s jurisdiction (MSR, SOI, functions and classes of services); those issues are addressed, thoroughly, in the MSR and SOI Update.
- Six (6) stakeholders expressed support for the BCHD and the programs it provides within the three cities (Hermosa Beach, Manhattan Beach, and Redondo Beach) which it serves.
- Staff included correspondence from BCHD representatives, as these emails were in response to LAFCO requests, and they often addressed concerns raised by other stakeholders.

Issues raised in the public comments, and staff’s response, are noted below:

- Comment: The BCHD currently provides services to individuals who do not reside within its jurisdictional boundary (largely COVID testing and vaccinations), and will continue to do so.

Response: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("Act") empowers a special district to provide services within its jurisdictional boundary. LAFCO's statutory authority pertains to what services a district offers, and where those services are provided. The Act does not impose a “residency” requirement for an individual who receives services within the boundary of a special district—doing so would be both contrary to State law, and is impractical. If one thinks of this issue in the context of other municipal services—such as law enforcement, fire protection, retail



water service, and sanitary sewage treatment—the limits of such a residency requirement become apparent.

- Comment: The BCHD has not considered Disadvantaged Unincorporated Communities (DUCs) in the delivery of its services and in planning future services.

Response: DUCs are reviewed in conjunction with the MSR (Pages 43-44), and there are no DUCs within the boundaries of the BCHD.

- Comment: The BCHD has not documented a demonstrated “need” to demolish the former hospital building, nor has it performed a risk analysis for its proposed redevelopment.

Response: The decision to demolish (or retain) a district-owned building is properly within the authority of BCHD and/or the City of Redondo Beach, and LAFCO has no statutory authority over this matter.

- Comment: There is no need for a new residential care facility for the elderly (RCFE), given vacancies in existing facilities within or near the BCHD.

Response: This issue is properly within the authority of BCHD and/or the City of Redondo Beach, and LAFCO has no statutory authority over this matter.

- Comment: BCHD acquired the involved property via eminent domain for the express purpose of building a hospital to benefit residents within its boundaries, and cannot legally utilize the property for other purposes.

Response: Several health care districts in California formerly operated hospitals, and no longer do so—as noted previously, there are seventy-seven (77) HCDs in California; of those districts, thirty-seven (37) operate a total of thirty-nine (39) hospitals; in this regard, BCHD is in no way unique. Further, the Legislature recognized the evolution of these districts with the adoption of SB 1169 in 1994, which renamed hospital districts as health care districts, reflecting that health care was increasingly being provided outside of the hospital setting. The district’s original use of eminent domain authority to acquire the land needed for a hospital preceded the statewide establishment of LAFCO’s in 1963 and is within the functions and classes of services authorized by the Commission. Finally, the BCHD’s disposition of its property is subject to applicable law, and it is not within LAFCO’s jurisdiction.

- Comment: The BCHD Board of Directors adopted the Environmental Impact Report (EIR) for the proposed redevelopment of its property.

Response: The proposed redevelopment of BCHD property is a land-use issue within the authority of the City of Redondo Beach, in which the property is located, and is beyond

the scope of LAFCO's jurisdictional authority. As noted in Government Code §56886, the Commission shall not impose terms and conditions on applications it considers that directly regulate land use, property development, or subdivision requirements.

Staff communicated with stakeholders via email, and in a handful of conversations by telephone. In doing so, staff made concerted, consistent, and repeated efforts to explain LAFCO's authority; to address what is, and more importantly, what is not, within LAFCO's jurisdiction; and to identify those land-use and CEQA issues that are properly within the authority of the City of Redondo Beach. Staff also made concerted, consistent, and repeated efforts to explain LAFCO authority as it relates to functions or classes of services (active powers and latent powers).

**RECOMMENDED ACTION:**

In consideration of information gathered and evaluated for the MSR and SOI Update for the Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District), and in determining the functions or classes of services for the Antelope Valley Medical Center and Beach Cities Health District, staff recommends that the Commission:

1. Open the public hearing and receive testimony on the MSR and SOI Update and the determinations of the functions or classes of services;
2. There being no further testimony, close the public hearing;
3. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving MSR No. 2022-05—Municipal Service Review and Sphere of Influence Update for the Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District).
4. Adopt and approve the September 14, 2022 Municipal Service Review and Sphere of Influence Update of the Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District),
5. Adopt the recommended determinations required for the Municipal Service Review, as found in the attachments to the draft RMD and contained in the MSR, pursuant to Government Code § 56430;
6. Authorize the functions and classes of services ("active powers") for the AVMC and the BCHD, as found in the attachments to the draft RMD and contained in the MSR, pursuant to Government Code § 56425(i).
7. Adopt the recommended determinations required for the proposed Sphere of Influence Updates for the AVMC and the BCHD, as found in the attachments to the draft RMD and contained in the MSR, pursuant to Government Code § 56425;

8. Adopt the AVMC Proposed SOI Update Map and the BCHD Proposed SOI Update Map, as found and the attached exhibits and contained in the MSR;
9. Direct the Executive Officer to transmit copies of the Resolution Making Determinations as provided in Government Code § 56882; and
10. Direct the Executive Officer to post the MSR and SOI Update to the LAFCO website; and
11. Direct the Executive Officer to update LAFCO's SOI Maps for the AVMC and for the BCHD on the LAFCO website.

**EXHIBITS:**

Draft Resolution Making Determinations (RMD) and Attachments:

- Municipal Service Review Determinations for the Antelope Valley Medical Center
- Municipal Service Review Determinations for the Beach Cities Health District
- Authorized Functions and Classes of Services ("Active Powers) for the Antelope Valley Medical Center
- Authorized Functions and Classes of Services ("Active Powers) for the Beach Cities Health District
- Sphere of Influence Determinations for the Antelope Valley Medical Center
- Sphere of Influence Determinations for the Beach Cities Health District
- Municipal Service Review and Sphere of Influence Update for the Health Care Districts (Antelope Valley Medical Center and Beach Cities Health Care District) and Attachments:
- Proposed Sphere of Influence Map for the Antelope Valley Medical Center
- Proposed Sphere of Influence Map for the Beach Cities Health District
- Beach Cities Health District Services Charts provided by Beach Cities Health District representatives (August 4, 2022; July 19, 2022; and July 8, 2022).
- Stakeholder Comments

**RESOLUTION NO. 2022-00RMD  
RESOLUTION OF THE LOCAL AGENCY FORMATION  
COMMISSION FOR THE COUNTY OF LOS ANGELES  
MAKING DETERMINATIONS ADOPTING THE  
“MSR NO. 2022-05  
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE  
FOR THE HEALTH CARE DISTRICTS (ANTELOPE VALLEY MEDICAL CENTER AND  
BEACH CITIES HEALTH DISTRICT)”**

WHEREAS, Division 3, Title 5, of the California Government Code (commencing with section 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), provides that a Local Agency Formation Commission (LAFCO) shall develop and determine a Sphere of Influence (SOI) for each special district (Government Code Section 56425(a)) and that every five (5) years thereafter, the Commission shall, as necessary, review and update each SOI (Government Code Section 56425(g)); and

WHEREAS, the SOI is the primary planning tool for LAFCO, and it defines the probable physical boundaries and service area of a local agency, as determined by LAFCO; and

WHEREAS, Section 56430 requires that, in order to prepare and to update Spheres of Influence, the Commission shall conduct a Municipal Service Review (MSR) prior to, or in conjunction with, action to update or adopt an SOI; and

WHEREAS, the Commission has undertaken the MSR and SOI Update for the Health Care Districts (Antelope Valley Medical Center (AVMC) and Beach Cities Health District (BCHD)); and

WHEREAS, this proposed MSR and SOI Update consists of inhabited territory and is assigned the following short-form designation: “MSR No. 2022-05—Municipal Service

Review and Sphere of Influence Update for the Health Care Districts (Antelope Valley Medical Center and the Beach Cities Health District)”; and

WHEREAS, the Executive Officer has submitted to the Commission “MSR No. 2022-05—Municipal Service Review and Sphere of Influence Update for the Health Care Districts (Antelope Valley Medical Center and the Beach Cities Health Care District)”, including a recommendation to reconfirm the existing Coterminous SOI for the AVMC and a recommendation to adopt a “Coterminous SOI” for the BCHD ; and

WHEREAS, staff shared a Draft MSR with representatives of the AVMC and BCHD; representatives of the County of Los Angeles, including the two County Supervisors whose districts are served by the AVMC and the BCHD; the city managers whose cities are served by the AVMC and the BCHD; and several other stakeholders who expressed an interest in this MSR; and the Draft MSR reflects input provided by all stakeholders; and

WHEREAS, the MSR and SOI Update for the AVMC and BCHD contains the determinations required by Section 56430 for the municipal services provided by the AVMC and BCHD, respectively; and

WHEREAS the Municipal Service Determinations for the AVMC are attached to this resolution, and incorporated herein by reference; and

WHEREAS, the Municipal Service Determinations for the BCHD are attached to this resolution, and incorporated herein by reference; and

WHEREAS, the Commission is required to establish the nature, location and extent of the District's functions or classes of service ("active powers"), in accordance with Government Code § 56425(i); and

WHEREAS, staff has identified the functions and classes of services ("active powers") for the AVMC and the BCHD, respectively, as described in the MSR, and which are attached this resolution, and incorporated herein by reference; and

WHEREAS, LAFCOs are required to adopt an SOI for each city and special district, and to review and update SOI's "every five years, as necessary," pursuant to Government Code § 56425, and in so doing, adopt corresponding determinations; and

WHEREAS, the Sphere of Influence determinations for the AVMC are attached to this resolution, and incorporated herein by reference; and

WHEREAS, the Sphere of Influence determinations for the BCHD are attached this resolution, and incorporated herein by reference; and

WHEREAS, maps of the existing SOIs of the AVMC and the BCHD are found in the MSR and SOI Update, and attached to the staff report, and incorporated herein by reference; and

WHEREAS, a map of the Proposed SOI for the AVMC, which is a reconfirmation of the existing Coterminous SOI, is found in the MSR and SOI Update, and is attached to the staff report, and incorporated herein by reference; and

WHEREAS, a map of the Proposed SOI for the BCHD, which amends the existing SOI to become a Coterminous SOI, is included in the MSR and SOI Update, and is

attached to the staff report, and incorporated herein by reference; and

WHEREAS, the Executive Officer set September 14, 2022, as the hearing date on this MSR and SOI update, and gave notice of the public hearing pursuant to Government Code Section 56427, wherein the public hearing notice was published in a newspaper of general circulation in the County of Los Angeles on August 8, 2022; and

WHEREAS, on September 14, 2022, after being duly and properly noticed, this proposal came on for hearing, at which time this Commission heard and received all oral and written testimony, objections, and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, based upon staff review and the feasibility of governmental reorganization identified in Section 56425(h), staff has determined that any such reorganizations will not further the goals of orderly development and affordable service delivery, and therefore does not recommend reorganization of the AVMC and BCHD; and

WHEREAS, the proposed action consists of the adoption of the Municipal Service Review and Sphere of Influence Update for the Health Care Districts (Antelope Valley Medical Center and the Beach Cities Health District) and authorization of the functions and classes of services (“active powers”) for the AVMC and the BCHD;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission finds that MSR No. 2022-05—Municipal Service Review and

Sphere of Influence Update for the Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District), and authorization of the functions and classes of services (“active powers”) for the AVMC and the BCHD, respectively, are exempt from the provisions of the California Environmental Quality Act (“CEQA”) because it can be seen with certainty that there is no possibility that the Municipal Service Review and Sphere of Influence Updates of the Antelope Valley Medical Center and the Beach Cities Health District and the and authorization of the functions and classes of services (“active powers”) for the AVMC and the BCHD, respectively, will have a significant effect on the environment pursuant to State CEQA Guidelines Section 15061(b)(3). In the alternative, this recommendation is not a project for the purposes of CEQA because it is an organizational activity of government with no direct or indirect effects on the physical environment and therefore is excluded from the definition of a project, pursuant to Section 15378(b) of the State CEQA Guidelines.

2. The Commission adopts the Municipal Service Review and Sphere of Influence Update Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District), as prepared by LAFCO staff.
3. The Commission hereby amends the Sphere of Influence of the AVMC, as shown on the Proposed SOI Map attached to the staff report, and incorporated herein by reference; and also adopts the corresponding SOI determinations in



accordance with Government Code Section 56425(e), which are attached to this resolution, and incorporated herein by reference; and

4. The Commission hereby amends the Sphere of Influence of the BCHD, as shown on the Proposed SOI Map attached to the staff report, and incorporated herein by reference; and also adopts the corresponding SOI determinations in accordance with Government Code Section 56425(e), which are attached to this resolution, and incorporated herein by reference; and
5. The Commission authorizes the nature, location, and extent of any functions or classes of service provided, or to be provided, by the Antelope Valley Medical Center, which are attached to this resolution, incorporated herein by reference, and in accordance with Government Code Section 56425(i).
6. The Commission authorizes the nature, location, and extent of any functions or classes of service provided, or to be provided, by the Beach Cities Health District Center, which are attached to this resolution, incorporated herein by reference, and in accordance with Government Code Section 56425(i).
7. The affected territory is inhabited, and it is assigned the following short-form designation: "MSR No. 2022-05—Municipal Service Review and Sphere of Influence Update of the Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District)."
8. The Executive Officer's staff report includes recommendations that the Commission adopt the MSR, adopt the SOI Update, and authorize the functions

and classes of services (“active powers”) for the Antelope Valley Medical Center and the Beach Cities Health District, respectively.

9. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

10. Pursuant to Government Code 56883, the Executive Officer may make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED this 14<sup>th</sup> day of September 2022.

MOTION:

AYES:

NOES:

ABSTAIN:

ABSENT:

**LOCAL AGENCY FORMATION COMMISSION  
FOR THE COUNTY OF LOS ANGELES**

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**Paul A. Novak, AICP  
Executive Officer**

## **Municipal Service Review Determinations for the Antelope Valley Medical Center**

### **1. Growth and Population Projections**

#### **Determinations:**

- The population within the boundaries of the AVMC is expected to grow at a significant rate of 11.44 % between now and 2035.
- The growth projected in the AVMC's service territory is not expected to have a significant effect on the district's ability to provide medical services to its customers.

### **2. Location and Characteristics of Disadvantaged Unincorporated Communities**

#### **Determinations:**

- The core services provided by the AVMC do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.
- The AVMC provides its services in all portions of its district, regardless of whether the involved territory lies within, adjacent to, or outside of, a DUC.

### **3. Present and Planned Capacity of Public Facilities; Adequacy of Public Services; Infrastructure Needs or Deficiencies.**

#### **Determinations:**

- At this time, the current public facilities and infrastructure of the AVMC are adequate.
- The district has substantial assets (land, buildings, equipment/facilities) which enable it to provide a range of medical services to residents of the Antelope Valley.
- The planned capacity of the main hospital is not sufficient in the long term.
- District representatives are aware of the main hospital building's limitations and the need to address the issue, and they should continue to exercise serious and comprehensive due diligence to evaluate all options before proceeding.

4. Financial Ability of Agency to Provide Services

**Determinations:**

- The AVMC is in a strong financial position, maintaining consistent growth in operating revenues, and achieving positive cash flow in four of the last five years (the one exception due to COVID-pandemic impacts).
- The district has adequate funding from multiple sources to finance on-going operations.
- The district also maintains a health reserve fund, with a balance currently in excess of \$200 million.

5. Status of, and Opportunities for, Shared Facilities

**Determinations:**

- The AVMC leases property and space within its buildings to medical care and medical-related tenants.
- There are no apparent additional opportunities to share facilities with other agencies.

6. Accountability for Community Service Needs

**Determination:**

- The AVMC operates in a transparent manner, and it is reasonably in compliance with applicable State law relative to the posting of meeting agendas and website requirements.

7. Other Matters

(None)

**Determination:**

(No additional determinations)

## **Municipal Service Review Determinations for the Beach Cities Health District**

### **1. Growth and Population Projections**

#### **Determinations:**

- The population within the boundaries of the BCHD is expected to grow at a very modest rate of 2.26% between now and 2035.
- The growth projected in the BCHD's service territory is not expected to have a significant effect on the district's ability to provide health and wellness services to its customers.

### **2. Location and Characteristics of Disadvantaged Unincorporated Communities**

#### **Determinations:**

- The core services provided by the BCHD do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.
- There are no DUCs within or adjacent to the BCHD jurisdictional boundary.

### **3. Present and Planned Capacity of Public Facilities; Adequacy of Public Services; Infrastructure Needs or Deficiencies**

#### **Determinations:**

- It is clear that the BCHD Board of Directors must either expend significant additional resources to improve the existing hospital building, or to demolish and replace it.
- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- Should the Healthy Living Campus not move forward, and relative to the former hospital building, the BCHD's other options would be an "improvement" option (which district representatives assert is cost-prohibitive), or the "demolish and replace" option, which would involve demolishing the building and replacing it with some as yet undefined use or uses.
- The adequacy of public services in the future depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD; or whether the BCHD reverts to the "improvement" or "demolish and replace" option.

4. Financial Ability of Agency to Provide Services

**Determinations:**

- The BCHD has maintained a relatively constant revenue stream over the last few years, despite some reductions associated with impacts of COVID-19 restrictions.
- Several of the district's primary funding sources experienced declines due to effects from the COVID-19 Pandemic.
- The district's property tax revenues has grown at a steady pace in recent years, and it is expected to continue to do so in the next few years.
- It is clear that the BCHD Board of Directors must either expend significant additional resources to improve the existing hospital building, or to demolish and replace it.
- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- Should the Healthy Living Campus not move forward, the BCHD would very likely be compelled to revert to the "improvement" option.
- The BCHD's financial ability to provide services in the future depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD; or whether the BCHD reverts to the "improvement" or "demolish and replace" option.

5. Status of, and Opportunities for, Shared Facilities

**Determination:**

- There are many opportunities for future shared facilities, to which the district should remain open and accommodating.

6. Accountability for Community Service Needs

**Determinations:**

- The BCHD operates in a transparent manner, and it is reasonably in compliance with applicable State law relative to the posting of meeting agendas and website requirements.
- The BCHD website contains an exhaustive amount of information, and substantially more than the average special district website.
- The BCHD Board of Directors should amend its Purchasing Policy to require that all solicitations/bids/Requests for Proposals/Requests for Qualifications for services in

excess of \$25,000 should be posted to the district's website for at least two weeks prior to the deadline to submit bids/proposals (in addition to existing requirements to advertise in a local newspaper).

- Once adopted by the Commission and posted to LAFCO's website, the BCHD should update its website to include a copy of the MSR or a link to the MSR on LAFCO's website, as required by SB 272.
- The district should relocate the "Transparency" portion of the "Who We Are" section of its website to a prominent location on the homepage of its website.

7. Other Matters

**Determinations:**

(No additional determinations)

**Authorized Functions and Classes or Services ("Active Powers") for the  
Antelope Valley Medical Center**

HSC § 32121:

- (a) To have and use a corporate seal and alter it at its pleasure.
- (b) To sue and be sued in all courts and places and in all actions and proceedings whatever.
- (c) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the district.
- (d) To exercise the right of eminent domain for the purpose of acquiring real or personal property of every kind necessary to the exercise of any of the powers of the district.
- (e) To establish one or more trusts for the benefit of the district, to administer any trust declared or created for the benefit of the district, to designate one or more trustees for trusts created by the district, to receive by gift, devise, or bequest, and hold in trust or otherwise, property, including corporate securities of all kinds, situated in this state or elsewhere, and where not otherwise provided, dispose of the same for the benefit of the district.
- (f) To employ legal counsel to advise the board of directors in all matters pertaining to the business of the district, to perform the functions in respect to the legal affairs of the district as the board may direct, and to call upon the district attorney of the county in which the greater part of the land in the district is situated for legal advice and assistance in all matters concerning the district, except that if that county has a county counsel, the directors may call upon the county counsel for legal advice and assistance.
- (g) To employ any officers and employees, including architects and consultants, the board of directors deems necessary to carry on properly the business of the district.
- (h) To prescribe the duties and powers of the health care facility administrator, secretary, and other officers and employees of any health care facilities of the district, to establish offices as may be appropriate and to appoint board members or employees to those offices, and to determine the number of, and appoint, all officers and employees and to fix their compensation. The officers and employees shall hold their offices or positions at the pleasure of the boards of directors.
- (i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.
- (j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency



programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district.

“Health care facilities,” as used in this subdivision, means those facilities defined in subdivision (b) of Section 32000.1 and specifically includes freestanding chemical dependency recovery units. “Health facilities,” as used in this subdivision, may also include those facilities defined in subdivision (d) of Section 15432 of the Government Code.

(k) To do any and all other acts and things necessary to carry out this division.

(l) To acquire, maintain, and operate ambulances or ambulance services within and without the district.

(m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.

(n) To establish and operate in cooperation with its medical staff a coinsurance plan between the hospital district and the members of its attending medical staff.

(o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.

(p) (1) To transfer, at fair market value, any part of its assets to one or more corporations to operate and maintain the assets. A transfer pursuant to this paragraph shall be deemed to be at fair market value if an independent consultant, with expertise in methods of appraisal and valuation and in accordance with applicable governmental and industry standards for appraisal and valuation, determines that fair and reasonable consideration is to be received by the district for the transferred district assets. Before the district transfers, pursuant to this paragraph, 50 percent or more of the district’s assets to one or more corporations, in sum or by increment, the elected board shall, by resolution, submit to the voters of the district a measure proposing the transfer. The measure shall be placed on the ballot of a special election held upon the request of the district or the ballot of the next regularly scheduled election occurring at least 88 days after the resolution of the board. If a majority of the voters voting on the measure vote in its favor, the transfer shall be approved. The campaign disclosure requirements applicable to local measures provided under Chapter 4 (commencing with Section 84100) of Title 9 of the Government Code shall apply to this election.

(2) To transfer, for the benefit of the communities served by the district, in the absence of adequate consideration, any part of the assets of the district, including, without limitation, real property, equipment, and other fixed assets, current assets, and cash, relating to the operation of the district’s health care facilities to one or more nonprofit corporations to operate and maintain the assets, subject to the limitations in that section (Subsections (2)(A) through (12), inclusive, which, while omitted herein for purposes of conciseness, are hereby incorporated by reference).

(q) To contract for bond insurance, letters of credit, remarketing services, and other forms of credit enhancement and liquidity support for its bonds, notes, and other indebtedness and to enter into reimbursement agreements, monitoring agreements, remarketing agreements, and similar ancillary contracts in connection therewith.

(r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems and programs properly licensed by the Department of Insurance or the Department of Managed Care, at any location within or without the district for the benefit of residents of communities served by the district. However, that activity shall not be deemed to result in, or constitute, the giving or lending of the district's credit, assets, surpluses, cash, or tangible goods to, or in aid of, any person, association, or corporation in violation of Section 6 of Article XVI of the California Constitution.

Nothing in this section shall be construed to authorize activities that corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Any agreement to provide health care coverage that is a health care service plan, as defined in subdivision (f) of Section 1345, shall be subject to Chapter 2.2 (commencing with Section 1340) of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

A district shall not provide health care coverage for any employee of an employer operating within the communities served by the district, unless the Legislature specifically authorizes, or has authorized in this section or elsewhere, the coverage.

Nothing in this section shall be construed to authorize any district to contribute its facilities to any joint venture that could result in transfer of the facilities from district ownership.

(s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.

#### HSC § 32121.1:

By resolution, the board of directors of a local hospital district may delegate to its administrator the power to employ (subject to the pleasure of the board of directors), and discharge, such subordinate officers and employees as are necessary for the purpose of carrying on the normal functions of any hospital operated by the district.

#### HSC § 32121.3:

(a) Notwithstanding any other provision of law, a hospital district, or any affiliated nonprofit corporation upon a finding by the board of directors of the district that it will be in the best interests of the public health of the communities served by the district and in order to obtain a licensed physician and surgeon to practice in the communities served by the district, may do any of the following:

(1) Guarantee to a physician and surgeon a minimum income for a period of no more than three years from the opening of the physician and surgeon's practice.

(2) Guarantee purchases of necessary equipment by the physician and surgeon.

(3) Provide reduced rental rates of office space in any building owned or leased by the district or any of its affiliated entities, or subsidize rental payments for office space in any other buildings, for a term of no more than three years.

- (4) Provide other incentives to a physician and surgeon in exchange for consideration and upon terms and conditions the hospital district's board of directors deems reasonable and appropriate.
- (b) Any provision in a contract between a physician and surgeon and a hospital district or affiliated nonprofit corporation is void which does any of the following:
- (1) Imposes as a condition any requirement that the patients of the physician and surgeon, or a quota of the patients of the physician and surgeon, only be admitted to a specified hospital.
  - (2) Restricts the physician and surgeon from establishing staff privileges at, referring patients to, or generating business for another entity.
  - (3) Provides payment or other consideration to the physician and surgeon for the physician and surgeon's referral of patients to the district hospital or an affiliated nonprofit corporation.
- (c) Contracts between a physician and surgeon and a hospital district or affiliated nonprofit corporation that provide an inducement for the physician and surgeon to practice in the community served by the district hospital shall contain both of the following:
- (1) A provision which requires the inducement to be repaid with interest if the inducement is repayable.
  - (2) A provision which states that no payment or other consideration shall be made for the referral of patients to the district hospital or an affiliated nonprofit corporation.
- (d) To the extent that this section conflicts with Section 650 of the Business and Professions Code, Section 650 of the Business and Professions Code shall supersede this section.
- (e) The Legislature finds that this section is necessary to assist district hospitals to attract qualified physicians and surgeons to practice in the communities served by these hospitals, and that the health and welfare of the residents in these communities require these provisions.

HSC § 32121.4:

Notwithstanding any other provision of law, a hospital district or any affiliated nonprofit corporation, upon a finding by the board of directors of the district that it will be in the best interests of the district to provide additional diversification of facilities, may lease and operate the realty, facilities, and business of another hospital district in California, or create a leasehold interest in its own realty, improvements, and business in favor of another hospital district, if all of the following apply:

- (a) That the lease when taken together with any extensions of the lease shall not exceed a total of 30 years.
- (b) That the lessee district shall not finance any capital improvements through the use of the lessor district's credit.

(c) That the lessor district shall have successfully completed any feasibility studies required by its board of directors as will reasonably ensure that the lessor hospital's financial stability will not be endangered by the lease transaction.

(d) Nothing in this section shall be construed to impair or limit the authority of the California Medical Assistance Commission to contract for the provision of inpatient hospital services under the Medi-Cal program with local hospital district hospitals as sole distinct entities, even though one or more hospital districts may have entered into leasehold or joint-venture arrangements.

Any lease made pursuant to this section to one or more nonprofit corporations affiliated with a district, that is part of or contingent upon a transfer of 50 percent or more of the district's assets, in sum or by increment, to the affiliated nonprofit corporation shall be subject to the requirements of subdivision (p) of Section 32121.

#### HSC § 32121.5:

(a) Notwithstanding any other provision of this division, a health care district may enter into a contract of employment with a hospital administrator, including a hospital administrator who is designated as chief executive officer, the duration of which shall not exceed four years, but which may periodically be renewed for a term of not more than four years.

(b) A contract entered into, or renewed, on or after January 1, 2014, shall not authorize retirement plan benefits to be paid to a hospital administrator, including a hospital administrator who is designated as chief executive officer, prior to his or her retirement.

#### HSC § 32121.6:

If a health care district enters into a written employment agreement with a hospital administrator, including a hospital administrator who is designated as a chief executive officer, the written employment agreement shall include all material terms and conditions agreed to between the district and the hospital administrator regarding compensation, deferred compensation, retirement benefits, severance or continuing compensation after termination of the agreement, vacation pay and other paid time off for illness or personal reasons, and other employment benefits that differ from those available to other full-time employees.

#### HSC § 32121.9:

A district that leases or transfers its assets to a corporation pursuant to this division, including, but not limited to, subdivision (p) of Section 32121 or Section 32126, shall act as an advocate for the community to the operating corporation. The district shall annually report to the community on the progress made in meeting the community's health needs.

#### HSC § 32122:

The board of directors may purchase all necessary surgical instruments and hospital equipment and equipment for nurses' homes and all other property necessary for equipping a hospital and nurses' home.

HSC § 32123:

The board of directors may purchase such real property, and erect or rent and equip such buildings or building, room or rooms as may be necessary for the hospital.

HSC § 32124:

The board of directors may establish a nurses' training school in connection with the hospital, prescribe a course of study for such training and after the completion of the course, provide for the issuance of diplomas to graduate nurses.

HSC § 32125:

(a) The board of directors shall be responsible for the operation of all health care facilities owned or leased by the district, according to the best interests of the public health and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of health care facilities under their management and all property belonging thereto and may prescribe the terms upon which patients may be admitted thereto. Minimum standards of operation as prescribed in this article shall be established and enforced by the board of directors.

(b) A district shall not contract to care for indigent county patients at below the cost for care. In setting the rates the board shall, insofar as possible, establish rates as will permit the district health care facilities to be operated upon a self-supporting basis. The board may establish different rates for residents of the district than for persons who do not reside within the district.

(c) Notwithstanding any other provision of law, unless prohibited from doing so by action of the board of directors, the chief executive officer may establish a task force to assist the chief executive officer in operating the district's facilities. The chief executive officer shall, if required to do so by action of the board, select task force members from individuals nominated by the board. Once established, the task force may be dissolved by action of the chief executive officer or the board. Any action by the board under this subdivision shall require four votes from a board on which there are five members or five votes from a board on which there are seven members.

HSC § 32126:

(a) The board of directors may provide for the operation and maintenance through tenants of the whole or any part of any hospital acquired or constructed by it pursuant to this division, and for that purpose may enter into any lease agreement that it believes will best serve the interest of the district. A lease entered into with one or more corporations for the operation of 50 percent or more of the district's hospital, or that is part of, or contingent upon, a transfer of 50 percent or more of the district's assets, in sum or by increment, as described in subdivision (p) of Section 32121, shall be subject to the requirements of subdivision (p) of Section 32121. Any lease for the operation of any hospital shall require the tenant or lessee to conform to, and abide by, Section 32128. No lease for the operation of an entire hospital shall run for a term in excess of 30 years. No lease for the operation of less than an entire hospital shall run for a term in excess of 10 years.

(b) Notwithstanding any other provision of law, a sublease, an assignment of an existing lease, or the release of a tenant or lessee from obligations under an existing lease in connection with an assignment of an existing lease shall not be subject to the requirements of subdivision (p) of Section 32121 so long as all of the following conditions are met:

(1) The sublease or assignment of the existing lease otherwise remains in compliance with subdivision (a).

(2) The district board determines that the total consideration that the district shall receive following the assignment or sublease, or as a result thereof, taking into account all monetary and other tangible and intangible consideration to be received by the district including, without limitation, all benefits to the communities served by the district, is no less than the total consideration that the district would have received under the existing lease.

(3) The existing lease was entered into on or before July 1, 1984, upon approval of the board of directors following solicitation and review of no less than five offers from prospective tenants.

(4) If substantial amendments are made to an existing lease in connection with the sublease or assignment of that existing lease, the amendments shall be fully discussed in advance of the district board's decision to adopt the amendments in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(c) A health care district shall report to the Attorney General, within 30 days of any lease of district assets to one or more corporations, the type of transaction and the entity to whom the assets were leased.

#### HSC § 32126.5:

(a) The board of directors of a hospital district or any affiliated nonprofit corporation may do any of the following when it determines that the action is necessary for the provision of adequate health services to communities served by the district:

(1) Enter into contracts with health provider groups, community service groups, independent physicians and surgeons, and independent podiatrists, for the provision of health services.

(2) Provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community.

(3) Finance experiments with new methods of providing adequate health care.

(b) Nothing in this section shall authorize activities which corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

#### HSC § 32127:

The hospital district shall establish its own treasury and shall appoint a treasurer charged with the safekeeping and disbursement of the funds in the treasury of the district. The board of

directors shall fix the amount of the bond to be given by such treasurer and shall provide for the payment of the premium therefor out of the maintenance and operation fund. All moneys derived from that portion, if any, of the annual tax or assessment levied for capital outlay purposes shall be placed in the capital outlay fund. Any moneys derived from a special tax or assessment levied under Article 3 of Chapter 3 hereof shall be placed in a special assessment fund and shall be used exclusively for the purposes for which such special tax or assessment was voted.

All moneys derived from the regular annual tax or assessment provided in Article 1, Chapter 3 hereof, except any part thereof levied for capital outlay purposes, shall be placed in the maintenance and operation fund. All receipts and revenues of any kind from the operation of the hospital shall be paid daily into the treasury of said district and placed in the maintenance and operation fund. Moneys in the maintenance and operation fund may be expended for any of the purposes of the district; provided, however, that no such moneys may be expended for new construction of additional patient bed capacity other than as authorized by Section 32221 hereof. Whenever it appears that the sum in the bond interest and sinking fund will be insufficient to pay the interest or principal of bonds next coming due and payable therefrom, a sum sufficient to pay such principal and interest shall be transferred by the board of directors from the maintenance and operation fund to said bond interest and sinking fund.

Except as to principal and interest of bonds, moneys in the treasury of the district shall be paid out by the treasurer, or such other officer or officers of the district, including the administrator, as may be authorized by the board. The treasurer shall keep such order as his voucher and shall keep accounts of all receipts into the district treasury and all disbursements therefrom.

Where bonds of the district are payable at the office of the district, all receipts from taxes levied to pay the principal and interest of such bonds shall be paid into the treasury of the district, and the treasurer of the district shall pay therefrom the principal and interest of such bonds.

Where bonds of the district are payable at the office of the county treasurer of the organizing county, at the option of the holder, or otherwise, all receipts from taxes levied to pay principal and interest of such bonds shall be paid into the treasury of the organizing county and shall be placed by the county treasurer in the bond interest and sinking fund of the district, and he shall pay the principal and interest of such bonds therefrom and shall keep an account of all moneys received into and paid out of said fund.

Any moneys in the treasury of the district and any moneys of the district in the bond interest and sinking fund of the district in the treasury of the organizing county may be deposited in accordance with the provisions of the general laws of the State of California governing the deposit of public moneys of cities or counties in such bank or banks in the State of California as may be authorized to receive deposits of public funds, in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks, and with like force and effect. The board of directors of the district are authorized to create a revolving fund which fund shall not exceed the sum of 10 percent of the estimated annual expenditures of the district at any one time and which shall be used for the purpose of paying the interim expenses of the operation of any hospital within the district without the necessity of a written order signed by the president and countersigned by the secretary as provided herein. The treasurer is authorized to deposit said fund in such bank or banks in

the county as may be authorized to receive deposits of public funds in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks and with like force and effect, and shall be subject to withdrawal upon the signature of the treasurer, or such other official of the district as may be authorized by the board of directors, for the use and purpose provided for herein.

HSC § 32127.2:

Exclusively for the purpose of securing state insurance of financing for the construction of new health facilities, the expansion, modernization, renovation, remodeling and alteration of existing health facilities, and the initial equipping of any such health facilities under Chapter 1 (commencing with Section 129000) of Part 6 of Division 107, and notwithstanding any provision of this division or any other provision or holding of law, the board of directors of any district may (a) borrow money or credit, or issue bonds, as well as by the financing methods specified in this division, and (b) execute in favor of the state first mortgages, first deeds of trust, and other necessary security interests as the Office of Statewide Health Planning and Development may reasonably require in respect to a health facility project property as security for the insurance. No payments of principal, interest, insurance premium and inspection fees, and all other costs of state-insured loans obtained under the authorization of this section shall be made from funds derived from the district's power to tax. It is hereby declared that the authorizations for the executing of the mortgages, deeds of trust and other necessary security agreements by the board and for the enforcement of the state's rights thereunder is in the public interest in order to preserve and promote the health, welfare, and safety of the people of this state by providing, without cost to the state, a state insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the rational meeting of the critical need for new, expanded and modernized public health facilities.

HSC § 32127.3:

(a) Exclusively for the purpose of securing federal mortgage insurance, federal loans, federal loans or grants or guaranteed loans issued pursuant to the federal Consolidated Farm and Rural Development Act (7 U.S.C. Sec. 1921, et seq.), as amended by Public Law 109-171 on February 8, 2006, or federally insured loans issued pursuant to the National Housing Act (12 U.S.C. Secs. 1715w and 1715z-7) for financing or refinancing the construction of new health facilities, the expansion, modernization, renovation, remodeling, or alteration of existing health facilities, and the initial equipping of those health facilities under the federal mortgage insurance programs as are now or may hereafter become available to a local hospital district, and notwithstanding any provision of this division, or any other provision or holding of law, the board of directors of any district may do either or both of the following:

(1) Borrow money or issue bonds, in addition to other financing methods authorized under this division.

(2) Execute, in favor of the United States, appropriate federal agency, or federally designated mortgagor, first mortgages, first deeds of trust, or other necessary security interests as the federal government may reasonably require with respect to a health facility project property as security for that insurance.



(b) No payments of principal, interest, insurance premiums and inspection fees, and all other costs of financing obtained as authorized by this section shall be made from funds derived from the district's power to tax.

(c) The Legislature hereby determines and declares that the authorizations for executing the mortgages, deeds of trust, or other necessary security agreements by the board and for the enforcement of the federal government's rights thereunder are in the public interest in order to preserve and promote the health, welfare, and safety of the people of the state by providing, without cost to the state, a federal mortgage insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the critical need for new, expanded, and modernized public health facilities to be met.

(d) The Legislature further determines and declares that the United States, appropriate federal agency, or federally designated mortgagor named as beneficiary of any first mortgage or other security interest delivered as authorized by this section is not a private person or body within the meaning of Section 11 of Article XI of the California Constitution.

HSC § 32128:

(a) The rules of the hospital, established by the board of directors pursuant to this article, shall include all of the following:

(1) Provision for the organization of physicians and surgeons, podiatrists, and dentists licensed to practice in this state who are permitted to practice in the hospital into a formal medical staff, with appropriate officers and bylaws and with staff appointments on an annual or biennial basis.

(2) Provision for a procedure for appointment and reappointment of medical staff as provided by the standards of the Joint Commission on Accreditation of Healthcare Organizations.

(3) Provisions that the medical staff shall be self-governing with respect to the professional work performed in the hospital; that the medical staff shall meet in accordance with the minimum requirements of the Joint Commission on Accreditation of Healthcare Organizations; and that the medical records of the patients shall be the basis for such review and analysis.

(4) Provision that accurate and complete medical records be prepared and maintained for all patients.

For purposes of this paragraph medical records include, but are not limited to, identification data, personal and family history, history of present illness, physical examination, special examinations, professional or working diagnoses, treatment, gross and microscopic pathological findings, progress notes, final diagnosis, condition on discharge, and other matters as the medical staff shall determine.

(5) Limitations with respect to the practice of medicine and surgery in the hospital as the board of directors may find to be in the best interests of the public health and welfare, including appropriate provision for proof of ability to respond in damages by applicants for staff membership, as long as no duly licensed physician and surgeon is excluded from staff

membership solely because he or she is licensed by the Osteopathic Medical Board of California.

(b) Notwithstanding any other provision of law, the board of directors may indemnify for damages and for costs associated with the legal defense of any nonemployee member of the medical staff when named as a defendant in a civil action directly arising out of opinions rendered, statements made, or actions taken as a necessary part of participation in the medical peer review activities of the district. This provision for indemnification for damages shall not include any award of punitive or exemplary damages against any nonemployee member of the medical staff. If the plaintiff prevails in a claim for punitive or exemplary damages against a nonemployee member of the medical staff, the defendant, at the option of the board of directors of the district, shall be liable to the district for all the costs incurred in providing representation to the defendant.

(c) Notwithstanding subdivision (b) or any other provision of law, a district is authorized to pay that part of a judgment that is for punitive or exemplary damages against a nonemployee member of the medical staff arising out of participation in peer review activities, if the board of directors of the district, in its discretion, finds all of the following:

(1) The judgment is based on opinions rendered, statements made, or actions taken as a necessary part of participation in the medical peer review activities of the district.

(2) At the time of rendering of the opinions, making the statements, or taking the actions giving rise to the liability, the nonemployee member of the medical staff was acting in good faith, without actual malice, and in the apparent best interests of the district.

(3) Payment of the claim or judgment against the nonemployee member staff would be in the best interests of the district.

(d) The rules of the hospital shall, insofar as consistent with this article, be in accord with and contain minimum standards not less than the rules and standards of private or voluntary hospitals. Unless specifically prohibited by law, the board of directors may adopt other rules which could be lawfully adopted by private or voluntary hospitals.

#### HSC § 32128.10:

No hospital established by the board of directors pursuant to this article which permits sterilization operations for contraceptive purposes to be performed therein, nor the medical staff of such hospital, shall require the individual upon whom such a sterilization operation is to be performed to meet any special nonmedical qualifications, which are not imposed on individuals seeking other types of operations in the hospital. Such prohibited nonmedical qualifications shall include, but not be limited to, age, marital status, and number of natural children.

Nothing in this section shall prohibit requirements relating to the physical or mental condition of the individual or affect the right of the attending physician to counsel or advise his patient as to whether or not sterilization is appropriate. This section shall not affect existing law with respect to individuals below the age of majority.

HSC § 32129:

Notwithstanding the provisions of the Medical Practice Act, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with physicians and surgeons, podiatrists, health care provider groups, and nonprofit corporations for the rendering of professional health services on a basis as does not result in any profit or gain to the district from the services so rendered and as allows the board to ensure that fees and charges, if any, are reasonable, fair, and consistent with the basic commitment of the district to provide adequate health care to all residents within its boundaries.

HSC § 32129.5:

Notwithstanding any other provision of law, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with a physician and surgeon or podiatrist for the rendering of professional services in the hospital, for the purpose of assuring that a physician and surgeon or podiatrist will be on duty in an outpatient emergency department maintained by the hospital, on a basis as does not result in any profit or gain to the district from the professional services of the physician and surgeon. For purposes of this section, the contract with the podiatrist shall be for those services which the podiatrist is licensed to practice pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code.

HSC § 32130:

A district may borrow money and incur indebtedness in an amount not to exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income received by the district, from whatever source derived. The money borrowed and indebtedness incurred under this section shall be repaid within the same fiscal year.

HSC § 32130.1:

A district is also authorized, when funds are needed to meet current expenses of maintenance and operation, to borrow money on certificates of indebtedness or other evidence of indebtedness in an amount not to exceed five cents (\$0.05) on each one hundred dollars (\$100) of assessed valuation of the district, the certificates of indebtedness to run for a period not to exceed five years and to bear interest not to exceed the rate prescribed in Section 53531 of the Government Code.

All certificates of indebtedness or other evidence of indebtedness shall be issued after the adoption by a three-fifths vote of the board of directors of the district of a resolution setting forth the necessity for the borrowing and the amount of the assessed valuation of the district and the amount of funds to be borrowed thereon. All certificates of indebtedness or other evidence of indebtedness shall be offered at public sale by the board of directors of the district after not less than 10 days advertising in a newspaper of general circulation within the district and if no newspaper of general circulation is printed within the district, then in a newspaper of general circulation within the county in which the district is located. Each sale shall be made to the bidder offering the lowest rate of interest or whose bid represents the lowest net cost to the district. However, the rate of interest shall not exceed the rate prescribed in Section 53531 of the Government Code.

The certificates of indebtedness or other evidences of indebtedness shall be signed on behalf of the district by the presiding officer and attested by the secretary of the board of directors of the district. The board of supervisors of the county in which the district lies shall, at the time of fixing the general tax levy, sometimes called the annual assessment or regular annual assessment for the district, and in the manner for the general tax levy provided, levy and collect annually each year until the certificates of indebtedness or other evidences of indebtedness are paid or until there is a sum in the treasury set apart for that purpose sufficient to meet all sums coming due for principal and interest on the certificates of indebtedness or other evidences of indebtedness, tax sufficient to pay the interest on the certificates of indebtedness as the same become due and also, to constitute a sinking fund for the payment of the principal thereof at maturity. The tax shall be in addition to all of the taxes levied for district purposes and shall be placed in a certificate of indebtedness, interest and sinking fund of the district and, until all of the principal of the interest and certificates of indebtedness is paid, the money in the fund shall be used for no other purpose than the payment of the certificates of indebtedness and accruing interest thereon.

HSC § 32130.2:

(a) A district may, by resolution adopted by a majority of the district board, issue negotiable promissory notes to acquire funds for any district purposes subject to the restrictions and requirements imposed by this section. The maturity of the promissory notes shall not be later than 10 years from the date thereof. The total aggregate amount of the notes outstanding at any one time shall not exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income of the district. Indebtedness incurred pursuant to any other provision of law shall be disregarded in computing the aggregate amount of notes that may be issued pursuant to this section.

(b) Negotiable promissory notes may be issued pursuant to this section for any capital outlay facility, equipment, or item which has a useful life equal to, or longer than, the term of the notes, as determined by the board of directors.

(c) The maximum annual interest rate which may be paid on negotiable promissory notes shall at no time exceed the amount authorized under Section 53531 of the Government Code.

HSC § 32130.5:

The first board of directors of a district may, within a period of two years from and after the formation of the district, pursuant to a resolution adopted by it for the purpose, borrow money on certificates of indebtedness, promissory notes, or other evidences of indebtedness, in anticipation of the estimated tax revenue for the following fiscal year, to be repaid within two years from the date of borrowing with interest at a rate not to exceed 5 percent per annum, in order to enable the district to meet all of its necessary initial expenses of organization, construction, acquisition, maintenance, and operation. The total amount of money borrowed and indebtedness incurred under this section and Section 32130 during this two-year period shall not exceed 50 percent of the total amount of estimated tax revenue as estimated by the county auditor or auditors of the county or counties in which the district lies for the following fiscal year.

The provisions of Section 32130 are applicable in respect to any indebtedness incurred under this section to the extent that they are consistent with this section.

HSC § 32130.6:

Notwithstanding any other provision of law, a district may do any of the following by resolution adopted by a majority of the district board:

(a) (1) Enter into a line of credit with a commercial lender that is secured, in whole or in part, by the accounts receivable or other intangible assets of the district, including anticipated tax revenues, and thereafter borrow funds against the line of credit to be used for any district purpose.

(2) Any money borrowed under this line of credit pursuant to paragraph (1) shall be repaid within five years from each separate borrowing or draw upon the line of credit.

(3) The district may enter into a new and separate line of credit to repay a previous line of credit pursuant to paragraph (1), provided that the district complies with this section in entering into a new line of credit.

(4) Enter into a line of credit with a commercial lender for the sole purpose of consolidating debt incurred by the district prior to January 1, 2010. Debt incurred under this paragraph shall be repaid within 20 years of the consolidation borrowing. The total amount of debt that a district may have outstanding at any one time under this paragraph shall not exceed the amount of two million dollars (\$2,000,000).

(b) Enter into capital leases for the purchase by the district of equipment to be used for any district purpose.

(1) The term of any capital lease shall not be longer than 10 years.

(2) The district may secure the purchase of equipment by a capital lease by giving the lender a security interest in the equipment leased under the capital lease.

(c) Enter into lease-purchase agreements for the purchase by the district of real property, buildings, and facilities to be used for any district purpose. The term of any lease-purchase agreement shall not exceed 10 years.

(d) Nothing in this section shall provide the district with the authority to increase taxes in order to repay a line of credit established pursuant to subdivision (a) unless the tax is passed pursuant to Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

HSC § 32131:

The board of directors may maintain membership in any local, state or national group or association organized and operated for the promotion of the public health and welfare or the advancement of the efficiency of hospital administration, and in connection therewith pay dues and fees thereto.

**Authorized Functions and Classes of Services ("Active Powers") for the  
Beach Cities Health District**

Health & Safety Code (HSC) § 32121:

- (a) To have and use a corporate seal and alter it at its pleasure.
- (b) To sue and be sued in all courts and places and in all actions and proceedings whatever.
- (c) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the district.
- (d) To exercise the right of eminent domain for the purpose of acquiring real or personal property of every kind necessary to the exercise of any of the powers of the district.
- (e) To establish one or more trusts for the benefit of the district, to administer any trust declared or created for the benefit of the district, to designate one or more trustees for trusts created by the district, to receive by gift, devise, or bequest, and hold in trust or otherwise, property, including corporate securities of all kinds, situated in this state or elsewhere, and where not otherwise provided, dispose of the same for the benefit of the district.
- (f) To employ legal counsel to advise the board of directors in all matters pertaining to the business of the district, to perform the functions in respect to the legal affairs of the district as the board may direct, and to call upon the district attorney of the county in which the greater part of the land in the district is situated for legal advice and assistance in all matters concerning the district, except that if that county has a county counsel, the directors may call upon the county counsel for legal advice and assistance.
- (g) To employ any officers and employees, including architects and consultants, the board of directors deems necessary to carry on properly the business of the district.
- (h) To prescribe the duties and powers of the health care facility administrator, secretary, and other officers and employees of any health care facilities of the district, to establish offices as may be appropriate and to appoint board members or employees to those offices, and to determine the number of, and appoint, all officers and employees and to fix their compensation. The officers and employees shall hold their offices or positions at the pleasure of the boards of directors.
- (i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.
- (j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district. "Health care facilities," as used in this subdivision, means

those facilities defined in subdivision (b) of Section 32000.1 and specifically includes freestanding chemical dependency recovery units. "Health facilities," as used in this subdivision, may also include those facilities defined in subdivision (d) of Section 15432 of the Government Code.

(k) To do any and all other acts and things necessary to carry out this division.

(m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.

(o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.

(r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems and programs properly licensed by the Department of Insurance or the Department of Managed Care, at any location within or without the district for the benefit of residents of communities served by the district. However, that activity shall not be deemed to result in, or constitute, the giving or lending of the district's credit, assets, surpluses, cash, or tangible goods to, or in aid of, any person, association, or corporation in violation of Section 6 of Article XVI of the California Constitution.

Nothing in this section shall be construed to authorize activities that corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Any agreement to provide health care coverage that is a health care service plan, as defined in subdivision (f) of Section 1345, shall be subject to Chapter 2.2 (commencing with Section 1340) of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

A district shall not provide health care coverage for any employee of an employer operating within the communities served by the district, unless the Legislature specifically authorizes, or has authorized in this section or elsewhere, the coverage.

Nothing in this section shall be construed to authorize any district to contribute its facilities to any joint venture that could result in transfer of the facilities from district ownership.

(s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.

#### HSC § 32121.1:

By resolution, the board of directors of a local hospital district may delegate to its administrator the power to employ (subject to the pleasure of the board of directors), and discharge, such subordinate officers and employees as are necessary for the purpose of carrying on the normal functions of any hospital operated by the district.

HSC § 32125:

(a) The board of directors shall be responsible for the operation of all health care facilities owned or leased by the district, according to the best interests of the public health and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of health care facilities under their management and all property belonging thereto and may prescribe the terms upon which patients may be admitted thereto. Minimum standards of operation as prescribed in this article shall be established and enforced by the board of directors.

(b) A district shall not contract to care for indigent county patients at below the cost for care. In setting the rates the board shall, insofar as possible, establish rates as will permit the district health care facilities to be operated upon a self-supporting basis. The board may establish different rates for residents of the district than for persons who do not reside within the district.

(c) Notwithstanding any other provision of law, unless prohibited from doing so by action of the board of directors, the chief executive officer may establish a task force to assist the chief executive officer in operating the district's facilities. The chief executive officer shall, if required to do so by action of the board, select task force members from individuals nominated by the board. Once established, the task force may be dissolved by action of the chief executive officer or the board. Any action by the board under this subdivision shall require four votes from a board on which there are five members or five votes from a board on which there are seven members.

HSC § 32126.5:

(a) The board of directors of a hospital district or any affiliated nonprofit corporation may do any of the following when it determines that the action is necessary for the provision of adequate health services to communities served by the district:

(1) Enter into contracts with health provider groups, community service groups, independent physicians and surgeons, and independent podiatrists, for the provision of health services.

(2) Provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community.

(3) Finance experiments with new methods of providing adequate health care.

(b) Nothing in this section shall authorize activities which corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

HSC § 32127:

The hospital district shall establish its own treasury and shall appoint a treasurer charged with the safekeeping and disbursement of the funds in the treasury of the district. The board of directors shall fix the amount of the bond to be given by such treasurer and shall provide for the payment of the premium therefor out of the maintenance and operation fund.



All moneys derived from that portion, if any, of the annual tax or assessment levied for capital outlay purposes shall be placed in the capital outlay fund. Any moneys derived from a special tax or assessment levied under Article 3 of Chapter 3 hereof shall be placed in a special assessment fund and shall be used exclusively for the purposes for which such special tax or assessment was voted.

All moneys derived from the regular annual tax or assessment provided in Article 1, Chapter 3 hereof, except any part thereof levied for capital outlay purposes, shall be placed in the maintenance and operation fund. All receipts and revenues of any kind from the operation of the hospital shall be paid daily into the treasury of said district and placed in the maintenance and operation fund. Moneys in the maintenance and operation fund may be expended for any of the purposes of the district; provided, however, that no such moneys may be expended for new construction of additional patient bed capacity other than as authorized by Section 32221 hereof. Whenever it appears that the sum in the bond interest and sinking fund will be insufficient to pay the interest or principal of bonds next coming due and payable therefrom, a sum sufficient to pay such principal and interest shall be transferred by the board of directors from the maintenance and operation fund to said bond interest and sinking fund.

Except as to principal and interest of bonds, moneys in the treasury of the district shall be paid out by the treasurer, or such other officer or officers of the district, including the administrator, as may be authorized by the board. The treasurer shall keep such order as his voucher and shall keep accounts of all receipts into the district treasury and all disbursements therefrom.

Where bonds of the district are payable at the office of the district, all receipts from taxes levied to pay the principal and interest of such bonds shall be paid into the treasury of the district, and the treasurer of the district shall pay therefrom the principal and interest of such bonds.

Where bonds of the district are payable at the office of the county treasurer of the organizing county, at the option of the holder, or otherwise, all receipts from taxes levied to pay principal and interest of such bonds shall be paid into the treasury of the organizing county and shall be placed by the county treasurer in the bond interest and sinking fund of the district, and he shall pay the principal and interest of such bonds therefrom and shall keep an account of all moneys received into and paid out of said fund.

Any moneys in the treasury of the district and any moneys of the district in the bond interest and sinking fund of the district in the treasury of the organizing county may be deposited in accordance with the provisions of the general laws of the State of California governing the deposit of public moneys of cities or counties in such bank or banks in the State of California as may be authorized to receive deposits of public funds, in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks, and with like force and effect. The board of directors of the district are authorized to create a revolving fund which fund shall not exceed the sum of 10 percent of the estimated annual expenditures of the district at any one time and which shall be used for the purpose of paying the interim expenses of the operation of any hospital within the district without the necessity of a written order signed by the president and countersigned by the secretary as provided herein. The treasurer is authorized to deposit said fund in such bank or banks in the county as may be authorized to receive deposits of public funds in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks

and with like force and effect, and shall be subject to withdrawal upon the signature of the treasurer, or such other official of the district as may be authorized by the board of directors, for the use and purpose provided for herein.

HSC §32127.2:

Exclusively for the purpose of securing state insurance of financing for the construction of new health facilities, the expansion, modernization, renovation, remodeling and alteration of existing health facilities, and the initial equipping of any such health facilities under Chapter 1 (commencing with Section 129000) of Part 6 of Division 107, and notwithstanding any provision of this division or any other provision or holding of law, the board of directors of any district may (a) borrow money or credit, or issue bonds, as well as by the financing methods specified in this division, and (b) execute in favor of the state first mortgages, first deeds of trust, and other necessary security interests as the Office of Statewide Health Planning and Development may reasonably require in respect to a health facility project property as security for the insurance. No payments of principal, interest, insurance premium and inspection fees, and all other costs of state-insured loans obtained under the authorization of this section shall be made from funds derived from the district's power to tax. It is hereby declared that the authorizations for the executing of the mortgages, deeds of trust and other necessary security agreements by the board and for the enforcement of the state's rights thereunder is in the public interest in order to preserve and promote the health, welfare, and safety of the people of this state by providing, without cost to the state, a state insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the rational meeting of the critical need for new, expanded and modernized public health facilities.

HSC § 32129:

Notwithstanding the provisions of the Medical Practice Act, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with physicians and surgeons, podiatrists, health care provider groups, and nonprofit corporations for the rendering of professional health services on a basis as does not result in any profit or gain to the district from the services so rendered and as allows the board to ensure that fees and charges, if any, are reasonable, fair, and consistent with the basic commitment of the district to provide adequate health care to all residents within its boundaries.

32130.6.

Notwithstanding any other provision of law, a district may do any of the following by resolution adopted by a majority of the district board:

(a) (1) Enter into a line of credit with a commercial lender that is secured, in whole or in part, by the accounts receivable or other intangible assets of the district, including anticipated tax revenues, and thereafter borrow funds against the line of credit to be used for any district purpose.

(2) Any money borrowed under this line of credit pursuant to paragraph (1) shall be repaid within five years from each separate borrowing or draw upon the line of credit.

(3) The district may enter into a new and separate line of credit to repay a previous line of credit pursuant to paragraph (1), provided that the district complies with this section in entering into a new line of credit.

(4) Enter into a line of credit with a commercial lender for the sole purpose of consolidating debt incurred by the district prior to January 1, 2010. Debt incurred under this paragraph shall be repaid within 20 years of the consolidation borrowing. The total amount of debt that a district may have outstanding at any one time under this paragraph shall not exceed the amount of two million dollars (\$2,000,000).

(b) Enter into capital leases for the purchase by the district of equipment to be used for any district purpose.

(1) The term of any capital lease shall not be longer than 10 years.

(2) The district may secure the purchase of equipment by a capital lease by giving the lender a security interest in the equipment leased under the capital lease.

(c) Enter into lease-purchase agreements for the purchase by the district of real property, buildings, and facilities to be used for any district purpose. The term of any lease-purchase agreement shall not exceed 10 years.

(d) Nothing in this section shall provide the district with the authority to increase taxes in order to repay a line of credit established pursuant to subdivision (a) unless the tax is passed pursuant to Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

#### HSC § 32131:

The board of directors may maintain membership in any local, state or national group or association organized and operated for the promotion of the public health and welfare or the advancement of the efficiency of hospital administration, and in connection therewith pay dues and fees thereto.

#### HSC § 32132.9.

(a) Notwithstanding Section 32132 or any other law, upon approval by the board of directors of the Beach Cities Health District, the design-build process described in Chapter 4 (commencing with Section 22160) of Part 3 of Division 2 of the Public Contract Code may be used to assign contracts for the construction of facilities or other buildings in that district.

(b) For purposes of this section, all references in Chapter 4 (commencing with Section 22160) of Part 3 of Division 2 of the Public Contract Code to "local agency" shall mean the Beach Cities Health District and its board of directors.

(c) To the extent that any project utilizing the design-build process authorized by subdivision (a) is otherwise required to comply with the standards and requirements of the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 (Chapter 1 (commencing with Section 129675) of Part 7 of Division 107), this section shall not be construed as an exemption from that act.

(d) This section shall remain in effect only until January 1, 2023, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2023, deletes or extends that date.

## **Sphere of Influence Determinations for the Antelope Valley Medical Center**

### **1. Present and planned land uses in the area including agricultural and open-space lands**

#### **Determinations:**

- The jurisdictional boundary of the AVMC includes the City of Lancaster and the City of Palmdale, as well as unincorporated communities in the Antelope Valley (Acton, Juniper Hills, Lake Hughes, Lake Los Angeles, Leona Valley, Quartz Hill, and Pearblossom). To the south, the district includes unincorporated Agua Dulce, as well as portions of the Angeles National Forest and the Devil's Punchbowl County Park; to the east, the AVMC boundary includes all of Antelope Valley to the San Bernardino County line; to the north, the boundary includes most of Antelope Valley (excluding Edwards Air Force Base (EAFB) and unincorporated Gorman) to the Kern County line; and on the west, the boundary includes portions of the Angeles National Forest.
- The district includes encompasses nearly all territory within the Antelope Valley, which includes a variety of land uses: developed single-family residential, multiple-family residential, commercial, retail, and industrial space; public parks, recreation areas, active open space, and passive open space; and portions of the Angeles National Forest; and it is traversed by two major highways (State Routes 14 and 138).
- Most developed land is clustered in the two cities (Lancaster and Palmdale), with some also in County unincorporated communities, the largest of which is unincorporated Quartz Hill.
- The region is expected to grow substantially in the future, especially in terms of additional residential development.

### **2. Present and probable need for public facilities and services in the area**

#### **Determination:**

- The region served by the AVMC will continue to require public facilities and services indefinitely, including the services provided by the AVMC.

### **3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide**

#### **Determinations:**

- The current public facilities and infrastructure of the AVMC are adequate at this time.
- The district has substantial assets (land, buildings, equipment/facilities) which enable it to provide a range of medical services to residents of the Antelope Valley.
- The planned capacity of the main hospital is not sustainable in the long term.

- District representatives are aware of the main hospital building's limitations and the need to address the issue, and they should continue to exercise serious and comprehensive due diligence to evaluate all options before proceeding.
- The AVMC is in a strong financial position, maintaining consistent growth in operating revenues, and achieving positive cash flow in four of the last five years (the one exception due to COVID-pandemic impacts).
- The district has adequate funding from multiple sources to finance on-going operations.
- The district also maintains a health reserve fund, with a balance currently in excess of \$200 million.

4. Existence of any social or economic communities of interest in the area

**Determinations:**

- There are multiple social and economic communities of interest in the area served by the AVMC.
- The AVMC provides its services in all portions of its district, regardless of whether the involved territory lies within, adjacent to, or outside of, a social and economic community of interest.

5. For cities or special districts that provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of Influence.

**Determinations:**

- The core services provided by the AVMC do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.
- The AVMC provides its services in all portions of its district, regardless of whether the involved territory lies within, adjacent to, or outside of, a DUC.

Antelope Valley Medical Center SOI Recommendation:

1. The Coterminous SOI for the AVMC covers vast territory, encompassing most of the Antelope Valley, and including significant portions of unincorporated Acton and Agua Dulce.
2. According to AVMC representatives, the AVMC has no interest in annexing additional territory into its jurisdictional boundary in the foreseeable future.

## **Sphere of Influence Determinations for the Beach Cities Health District**

### **1. Present and planned land uses in the area including agricultural and open-space lands**

#### **Determinations:**

- The jurisdictional boundary of the BCHD includes the cities of Hermosa Beach, Manhattan Beach, and Redondo Beach.
- These three (3) cities are fully developed with a variety of uses: single- developed single-family residential, multiple-family residential, commercial, retail, and industrial space; public parks, beaches, recreation areas, and active open space; and several public beaches portions of the Angeles National Forest; the most northeasterly portion of the district is bisected by the San Diego (405) Freeway, and Pacific Coast Highway traverses the district's westerly perimeter in a north-south direction.
- There are not agricultural lands in the area.
- Given that the three (3) cities are densely developed and built out, the area is not expected to see substantial growth.

### **2. Present and probable need for public facilities and services in the area**

#### **Determinations:**

- The region served by the BCHD will continue to require public facilities and services indefinitely, including the services provided by the BCHD.

### **3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.**

#### **Determinations:**

- It is clear that the BCHD Board of Directors must either expend significant additional resources to improve the existing hospital building, or to demolish and replace it.
- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- Should the Healthy Living Campus not move forward, and relative to the former hospital building, the BCHD's other options would be the "improvement" option or the "demolish" option, as discussed herein.

- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- The BCHD's financial ability to provide services in the future depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD; or whether the BCHD reverts to the "improvement" or "demolish and replace" option.

4. Existence of any social or economic communities of interest in the area.

**Determinations:**

- There are multiple social and economic communities of interest in the area served by the BCHD.
- The BCHD provides its services in all portions of its district, regardless of whether the involved territory lies within, adjacent to, or outside of, a social and economic community of interest.

5. For cities or special districts that provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of Influence.

**Determinations:**

- There are no DUCs within the boundaries of the BCHD's jurisdictional boundary.
- The core services provided by the BCHD do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.

Beach Cities Health District SOI Recommendation:

The existing SOI for the BCHD is a "Larger Than SOI," which is one in which the SOI includes territory which is outside the jurisdictional boundary of the involved agency.

Staff recommends that the Commission amend the SOI for the BCHD to remove those areas within the SOI boundary that extend beyond the BCHD's jurisdictional boundary—generally including the cities of El Segundo, Gardena, Hawthorne, Lawndale, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, and Torrance; and the unincorporated communities of Del Aire, West Alondra Park, Westfield, and others. Adoption of this recommendation would establish a "Coterminous SOI," which is one in which the jurisdictional boundary and the SOI boundary are the same (as shown in Exhibit 8 on Page 55), and it is based upon the following considerations:



1. Since the adoption of the SOI in 1983, the BCHD has made no effort to expand its jurisdictional boundaries.
2. According to BCHD representatives, the BCHD has no interest in annexing additional territory into its jurisdictional boundary in the foreseeable future.

## **DRAFT**

### **Municipal Service Review (MSR) and Sphere of Influence (SOI) Update**

#### **Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District)**

**September 14, 2022**

This Municipal Service Review was conducted for the two (2) health care districts located in the County of Los Angeles: the Antelope Valley Medical Center (AVMC) and the Beach Cities Health District (BCHD).

The Commission adopted this MSR on **DATE**, 2022

### **Chapter One: LAFCO Background**

#### *Municipal Boundaries*

The State of California possesses the exclusive power to regulate boundary changes. Cities and special districts do not have the authority to change their own boundaries without State approval.

The California Constitution (Article XI, Section 2.a) requires the Legislature to “prescribe [a] uniform procedure for city formation and provide for city powers.” The Legislature also has the authority to create, dissolve, or change the governing jurisdiction of special districts because they receive their powers only through State statutes.

The Legislature has created a “uniform process” for boundary changes for cities and special districts in the Cortese Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 *et seq*, or “Act”). The Act delegates the Legislature’s boundary powers over cities and special districts to Local Agency Formation Commissions (LAFCOs) established in each county in the State. The Act is the primary law that governs LAFCOs and sets forth the powers and duties of LAFCOs.

In addition to the Act, LAFCOs must comply with the following State laws:

- California Revenue and Taxation Code Sections 93 and 99. LAFCO considers the revenue and taxation implications of proposals and initiates the property tax negotiation process amongst agencies affected by the proposal.
- California Environmental Quality Act (CEQA) (California Public Resources Code Section 21000 *et seq*) and the related CEQA Guidelines (Title 14, California Code of Regulations Section 15000 *et seq*). Applications before LAFCO are typically considered to be “projects” under CEQA.
- Ralph M. Brown Act (California Government Code Section 54950 *et seq*). Commonly known as the State’s “open meeting law,” the Brown Act ensures that the public has adequate opportunity to participate in the LAFCO process.

- Political Reform Act (California Government Code Section 81000 *et seq*). Commissioners, some LAFCO staff, and legal counsel are subject to the Political Reform Act, which requires the filing of annual reports of economic interests.

#### What are LAFCO's?

LAFCOs are public agencies with county-wide jurisdiction for the county in which they are located. LAFCOs oversee changes to local government boundaries involving the formation and expansion of cities and special districts.

In creating LAFCOs, the Legislature established four (4) priorities: encourage orderly growth and development, promote the logical formation and determination of local agency boundaries, discourage urban sprawl, and preserve open space and prime agricultural lands.

Created by the State but with local (not State) appointees, each of the 58 counties in the State of California has a LAFCO. Each LAFCO operates independently of other LAFCOs, and each LAFCO has authority within its corresponding county.

While a LAFCO may purchase services from a county (i.e., legal counsel, employee benefits, payroll processing), LAFCO's are not County agencies.

#### Local Agency Formation Commission for the County of Los Angeles ("LA LAFCO")

LA LAFCO regulates the boundaries of all eighty-eight (88) incorporated cities within the County of Los Angeles. LAFCO regulates most special district boundaries, including, but not limited to:

- California water districts
- Cemetery districts
- Community service districts ("CSDs")
- County service areas ("CSAs")
- County waterworks districts
- Fire protection districts
- Hospital and health care districts
- Irrigation districts
- Library districts
- Municipal utility districts
- Municipal water districts
- Reclamation districts
- Recreation and parks districts
- Resource conservation districts
- Sanitation districts
- Water replenishment districts

LAFCO does not regulate boundaries for the following public agencies:

- Air pollution control districts
- Bridge, highway, and thoroughfare districts
- Community college districts

- Community facility districts (aka “Mello-Roos” districts)
- Improvement districts
- Mutual water companies
- Private water companies
- Redevelopment agencies
- School districts
- Special assessment districts

LAFCO does not regulate the boundaries of counties.

State law specifically prohibits LAFCOs from imposing terms and conditions which “directly regulate land use, property development, or subdivision requirements.” In considering applications, however, State law requires that LAFCO take into account existing and proposed land uses, as well as General Plan and zoning designations, when rendering its decisions.

The Local Agency Formation Commission for the County of Los Angeles (LA LAFCO, the Commission, or LAFCO) is composed of nine voting members:

- Two (2) members of the Los Angeles County Board of Supervisors (appointed by the Los Angeles County Board of Supervisors);
- One (1) member of the Los Angeles City Council (appointed by the Los Angeles City Council President);
- Two (2) members of city councils who represent the other 87 cities in the county other than the City of Los Angeles (elected by the City Selection Committee);
- Two (2) members who represent independent special districts (elected by the Independent Special Districts Selection Committee);
- One (1) member who represents the San Fernando Valley (appointed by the Los Angeles County Board of Supervisors); and
- One (1) member who represents the general public (elected by the other 8 members).

LAFCO also has six (6) alternate members, one (1) for each of the six (6) categories above.

The Commission holds its “regular meetings” at 9:00 a.m. on the second Wednesday of each month. The Commission periodically schedules “special meetings” on a date other than the second Wednesday of the month. Commission meetings are held in Room 381B of the Kenneth Hahn Hall of Administration, located at 500 West Temple Street in downtown Los Angeles, unless the meeting is scheduled as a virtual meeting consistent with applicable law. Public notice, including the Commission agenda, is posted at the Commission meeting room and on LAFCO’s website ([www.lalafco.org](http://www.lalafco.org)).

The Commission appoints an Executive Officer and Deputy Executive Officer. A small staff reports to the Executive Officer and Deputy Executive Officer.

LAFCO's office is located at 80 South Lake (Suite 870) in the City of Pasadena. The office is open to the public Monday through Thursday from 9:00 a.m. to 5:00 p.m. The office is closed on Fridays.

#### What are LAFCO's responsibilities?

LAFCO oversees changes to local government boundaries involving the formation and expansion of cities and special districts. This includes annexations and detachments of territory to and/or from cities and special districts; incorporations of new cities; formations of new special districts; consolidations of cities or special districts; mergers of special districts with cities; and dissolutions of existing special districts. LAFCO also approves or disapproves proposals from cities and special districts to provide municipal services outside their jurisdictional boundaries.

An important tool used in implementing the Act is the adoption of a Sphere of Influence (SOI) for a jurisdiction. An SOI is defined by Government Code Section 56425 as "...a plan for the probable physical boundary and service area of a local agency." An SOI represents an area adjacent to a city or special district where a jurisdiction might be reasonably expected to provide services over the next twenty (20) years. The SOI is generally the territory within which a city or special district is expected to annex.

LAFCO determines an initial SOI for each city and special district in the County. The Commission is also empowered to amend and update SOIs.

All jurisdictional changes, such as incorporations, annexations, and detachments, must be consistent with the affected agency's Sphere of Influence, with limited exceptions.

#### Municipal Service Reviews

State law also mandates that LAFCO prepares Municipal Service Reviews (MSRs). An MSR is a comprehensive analysis of the municipal services, including an evaluation of existing and future service conditions, provided in a particular region, city, or special district. Related to the preparation of MSRs, and pursuant to State Law, LAFCOs must review and update SOIs "every five years, as necessary." The Commission adopted MSRs for all cities and special districts in the County prior to the January 1, 2008 deadline (Round One).

In preparing MSRs, LAFCOs are required to make seven (7) determinations pursuant to section Government Code § 56430:

- Growth and population projections for the affected area;
- The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to a city or district's SOI;
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies;
- Financial ability of agencies to provide services;
- Status of, and opportunities for, shared facilities;

- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other matter related to effective or efficient service delivery.

## **Chapter Two: Health Care Districts** (Health and Safety Code § 32000 *et seq*)

Health Care Districts (HCDs, and formerly known as hospital districts) are independent special districts, managed by an elected board of directors, which provide healthcare services within a specified geographic area. According to the Association of California Healthcare Districts (ACHD), there are seventy-seven (77) HCDs in California.<sup>1</sup>

Each type of special district is governed by a “principal act” in State law. The principal act governing health care districts is the Local Health Care District Law (Health and Safety Code § 32000 *et seq*), which was enacted in 1945. In a 2017 Report, the Little Hoover Commission provided a synopsis of the evolution of these districts:

Californians began to form hospital districts in the 1940s when the Legislature passed the Local Health Care District Law to deal with a shortage of hospital beds and medical care in a growing state. By the late 1970s and into the 1980s, however, these and other smaller hospitals struggled as public and private insurers increasingly implemented cost-saving strategies. Since then, a growing emphasis on wellness and preventive care accelerated by the passage of the Affordable Care Act in 2010 continues to drive a trend of less hospitalization. A 2006 Healthcare Foundation study noted that districts increasingly offer substance abuse and mental health programs, outpatient services, and free clinics. They also run senior programs that include transportation to wellness and outpatient care. Another key development in the evolution of health care districts without hospitals is their role as grant-makers to community organizations.<sup>2</sup>

The Legislature recognized the evolution of these districts with the adoption of SB 1169 (Maddy) in 1994. SB 1169 “renamed hospital health care districts, reflecting that health care was increasingly being provided outside of the hospital setting.”<sup>3</sup> The Legislature “also established seismic standards for hospitals requiring compliance by 2030, and in some cases, the replacement of existing hospitals.”<sup>4</sup>

The typical governing body of an HCD is a board of directors of five (5) members; under specified conditions, the board may be increased to seven (7), nine (9), or eleven (11) members. The geographic boundary of an HCD may include contiguous or noncontiguous territory, as well as territory within a city or within County unincorporated territory. Territory of a city may not be divided by an HCD boundary. These same requirements apply for any territory which is proposed to be annexed into an existing HCD.

California Health & Safety Code (HSC) § 32121, identifies a range of services which an HCD may provide. Some HCDs in California operate hospitals and community-based medical clinics; other HCDs focus on wellness and prevention programs. According to ACHD, HCDs provide services such as the following:

- Hospital care
- Emergency room and trauma care
- Ambulance services
- Laboratory and radiology services
- Outpatient surgery
- Maternal and childhood services
- Skilled nursing facilities
- Rural health clinics
- Mental health and substance abuse services
- Medical transportation
- Adult day care and senior services
- School-based health services
- Hospice care
- Nutrition education<sup>5</sup>

According to the 2017 Little Hoover Commission Report, thirty-seven (37) health care districts operate a total of thirty-nine (39) hospitals.<sup>6</sup>

The two (2) health care districts located in the County of Los Angeles are the Antelope Valley Medical Center (AVMC), which operates a traditional hospital in the City of Lancaster, serving that city, the City of Palmdale, and the surrounding unincorporated communities; and the Beach Cities Health District (BCHD), which provides health and wellness programs focused on preventative health in the Cities of Hermosa Beach, Manhattan Beach, and Redondo Beach; the BCHD formerly operated a hospital, which closed in 1998.

### **Chapter Three: Antelope Valley Medical Center**

#### **Background:**

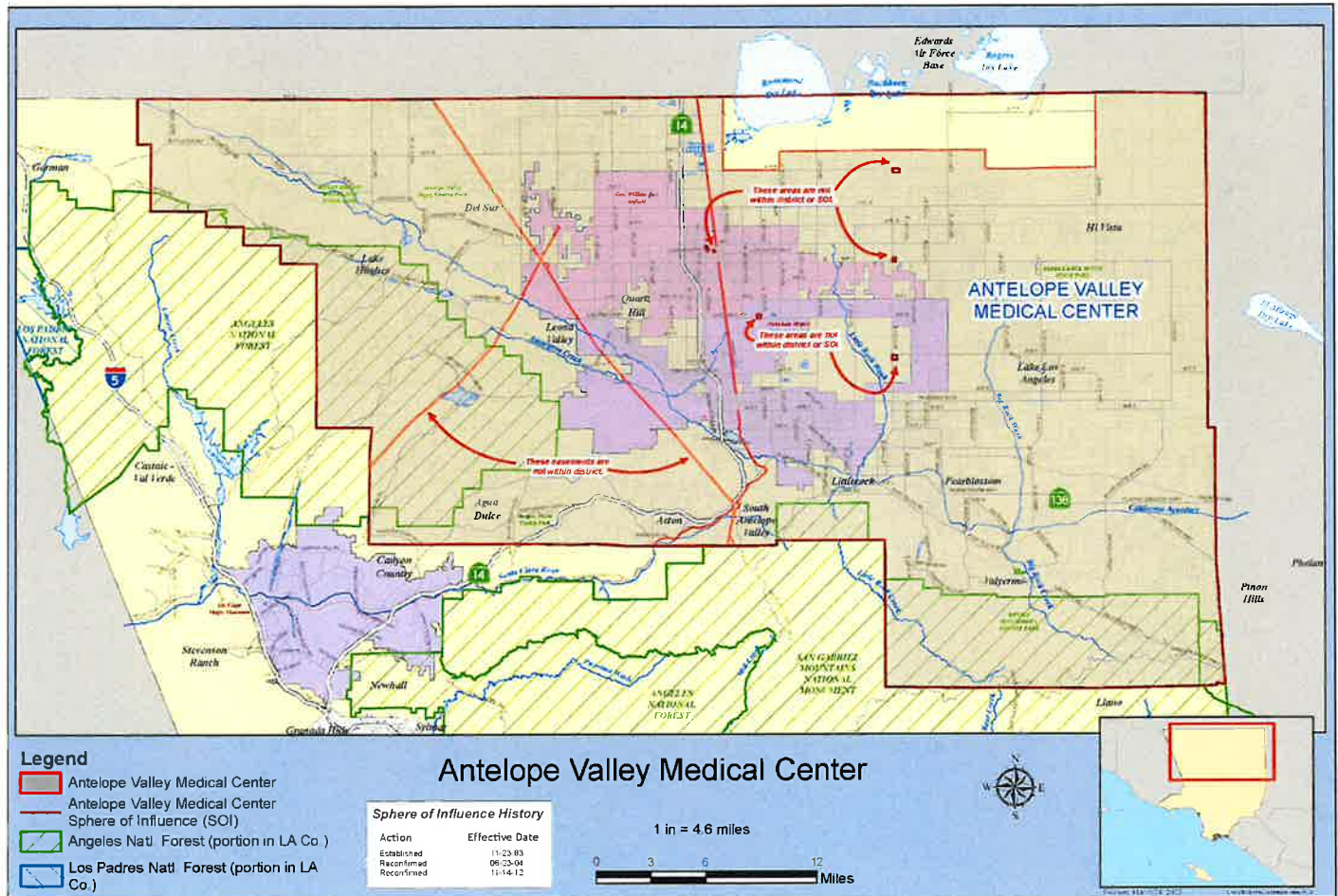
The Antelope Valley Medical Center (AVMC or District) is an independent special district, with facilities in the Cities of Lancaster and Palmdale, and serving the greater Antelope Valley. The AVMC opened the Antelope Valley Hospital with eighty-six (86) beds in 1955. Originally established as the Antelope Valley Health Care District, the District's board of directors voted to change its name in 1972 to the Antelope Valley Medical Center (AVMC).<sup>7</sup>

The AVMC is governed by a five-member elected board of directors. The AVMC Board of Directors meets on the last Wednesday of the month at 6:30 p.m. Meeting agendas are available on the AVMC website ([www.avmc.org](http://www.avmc.org)).

The jurisdictional boundary of the AVMC includes the City of Lancaster and the City of Palmdale, as well as unincorporated communities in the Antelope Valley (Acton, Juniper Hills, Lake Hughes, Lake Los Angeles, Leona Valley, Quartz Hill, and Pearblossom). To the south, the District includes unincorporated Agua Dulce, as well as portions of the Angeles National Forest and the Devil's Punchbowl County Park; to the east, the AVMC boundary includes all of Antelope Valley to the San Bernardino County line; to the north, the boundary includes most of Antelope Valley (excluding Edwards Air Force Base (EAFB) and unincorporated Gorman) to the Kern County line; and on the west, the boundary includes portions of the Angeles National Forest. Exhibit 1 on Page 7 shows the jurisdictional and SOI boundary of the AVMC.



# Exhibit 1 Antelope Valley Medical Center Existing Jurisdictional and SOI Boundary



The District operates the Antelope Valley Medical Center, a full-service hospital, which includes an emergency room, an intensive care unit, a critical care unit, a range of medical specialties, and an on-site laboratory and pharmacy. The AVMC opened the first Level II Trauma Center in the Antelope Valley in 2010. The AVMC adopted a Master Facility Plan in 2012, resulting in the development of a cancer center, a certified primary stroke center, a heart and vascular care center, and a 172-seat auditorium. Other services offered by the AVMC include home health services, mental health services, palliative care, and physical and occupational therapy. The hospital, as well as most AVMC programs and facilities, are located in a large complex in multiple buildings at 1600 West Avenue J in the City of Lancaster. The AVMC also operates two (2) off-site outpatient imaging centers; and the Antelope Valley Medical Center for Women, Infants, & Children (WIC); all of which are located in the City of Palmdale.<sup>8</sup>

The main hospital building—constructed in 1955, and now in its seventh decade of operation—is outdated and in need of significant repairs. According to AVMC staff, and due to limitations



imposed by the aging facility, certain portions of the hospital are not used; the main hospital is licensed for 420 beds, but is only operating at 250 beds. The emergency room, designed for 28,000 patients per year, now sees in excess of 140,000 patients per year.<sup>10</sup>

The District employs more than 2,600 individuals, and its annual payroll is in excess of \$230 million.<sup>11</sup>

According to the State Controller's Office, and as confirmed by an AVMC representative, the AVMC does not receive a portion of the one percent (1%) *ad valorem* share of property taxes, nor does the district receive any voter-approved taxes and assessments.<sup>9</sup>

#### Functions or Classes of Services

The existing "functions or classes of services" are those municipal services that are already being provided by a special district within its boundaries; prior to recent changes in the Act, these existing functions or classes of services were known as "active powers." New or different functions or classes of services are those powers authorized by the principal act under which the district was formed, but not currently exercised by a special district; prior to recent changes in the Act, these existing functions or classes of services were known as "latent powers." State law directs LAFCOs to determine each special district's active powers, and to maintain a record of those active powers. Because LAFCO did not identify active powers for the AVMC when LAFCO added special district representatives, nor when LAFCO adopted prior MSRs, this MSR will determine those active powers which the AVMC is currently providing. All other services are considered to be latent powers; LAFCO approval (pursuant to Government Code Section 56824.10) would be required before the district could provide any new or different functions or classes of services.

By adopting this MSR, the Commission (LAFCO) hereby authorizes the AVMC to provide the following functions or classes of services:

#### HSC § 32121:

- (a) To have and use a corporate seal and alter it at its pleasure.
- (b) To sue and be sued in all courts and places and in all actions and proceedings whatever.
- (c) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the district.
- (d) To exercise the right of eminent domain for the purpose of acquiring real or personal property of every kind necessary to the exercise of any of the powers of the district.
- (e) To establish one or more trusts for the benefit of the district, to administer any trust declared or created for the benefit of the district, to designate one or more trustees for trusts created by the district, to receive by gift, devise, or bequest, and hold in trust or otherwise, property, including corporate securities of all kinds, situated in this state or

elsewhere, and where not otherwise provided, dispose of the same for the benefit of the district.

(f) To employ legal counsel to advise the board of directors in all matters pertaining to the business of the district, to perform the functions in respect to the legal affairs of the district as the board may direct, and to call upon the district attorney of the county in which the greater part of the land in the district is situated for legal advice and assistance in all matters concerning the district, except that if that county has a county counsel, the directors may call upon the county counsel for legal advice and assistance.

(g) To employ any officers and employees, including architects and consultants, the board of directors deems necessary to carry on properly the business of the district.

(h) To prescribe the duties and powers of the health care facility administrator, secretary, and other officers and employees of any health care facilities of the district, to establish offices as may be appropriate and to appoint board members or employees to those offices, and to determine the number of, and appoint, all officers and employees and to fix their compensation. The officers and employees shall hold their offices or positions at the pleasure of the boards of directors.

(i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district.

"Health care facilities," as used in this subdivision, means those facilities defined in subdivision (b) of Section 32000.1 and specifically includes freestanding chemical dependency recovery units. "Health facilities," as used in this subdivision, may also include those facilities defined in subdivision (d) of Section 15432 of the Government Code.

(k) To do any and all other acts and things necessary to carry out this division.

(l) To acquire, maintain, and operate ambulances or ambulance services within and without the district.

(m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.

(n) To establish and operate in cooperation with its medical staff a coinsurance plan between the hospital district and the members of its attending medical staff.

(o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.

(p) (1) To transfer, at fair market value, any part of its assets to one or more corporations to operate and maintain the assets. A transfer pursuant to this paragraph shall be deemed to be at fair market value if an independent consultant, with expertise in methods of appraisal and valuation and in accordance with applicable governmental and industry standards for appraisal and valuation, determines that fair and reasonable consideration is to be received by the district for the transferred district assets. Before the district transfers, pursuant to this paragraph, 50 percent or more of the district's assets to one or more corporations, in sum or by increment, the elected board shall, by resolution, submit to the voters of the district a measure proposing the transfer. The measure shall be placed on the ballot of a special election held upon the request of the district or the ballot of the next regularly scheduled election occurring at least 88 days after the resolution of the board. If a majority of the voters voting on the measure vote in its favor, the transfer shall be approved. The campaign disclosure requirements applicable to local measures provided under Chapter 4 (commencing with Section 84100) of Title 9 of the Government Code shall apply to this election.

(2) To transfer, for the benefit of the communities served by the district, in the absence of adequate consideration, any part of the assets of the district, including, without limitation, real property, equipment, and other fixed assets, current assets, and cash, relating to the operation of the district's health care facilities to one or more nonprofit corporations to operate and maintain the assets, subject to the limitations in that section (Subsections (2)(A) through (12), inclusive, which, while omitted herein for purposes of conciseness, are hereby incorporated by reference).

(q) To contract for bond insurance, letters of credit, remarketing services, and other forms of credit enhancement and liquidity support for its bonds, notes, and other indebtedness and to enter into reimbursement agreements, monitoring agreements, remarketing agreements, and similar ancillary contracts in connection therewith.

(r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems and programs properly licensed by the Department of Insurance or the Department of Managed Care, at any location within or without the district for the benefit of residents of communities served by the district. However, that activity shall not be deemed to result in, or constitute, the giving or lending of the district's credit, assets, surpluses, cash, or tangible goods to, or in aid of, any person, association, or corporation in violation of Section 6 of Article XVI of the California Constitution.

Nothing in this section shall be construed to authorize activities that corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Any agreement to provide health care coverage that is a health care service plan, as defined in subdivision (f) of Section 1345, shall be subject to Chapter 2.2 (commencing with Section 1340) of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

A district shall not provide health care coverage for any employee of an employer operating within the communities served by the district, unless the Legislature specifically authorizes, or has authorized in this section or elsewhere, the coverage.

Nothing in this section shall be construed to authorize any district to contribute its facilities to any joint venture that could result in transfer of the facilities from district ownership.

(s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.

HSC § 32121.1:

By resolution, the board of directors of a local hospital district may delegate to its administrator the power to employ (subject to the pleasure of the board of directors), and discharge, such subordinate officers and employees as are necessary for the purpose of carrying on the normal functions of any hospital operated by the district.

HSC § 32121.3:

(a) Notwithstanding any other provision of law, a hospital district, or any affiliated nonprofit corporation upon a finding by the board of directors of the district that it will be in the best interests of the public health of the communities served by the district and in order to obtain a licensed physician and surgeon to practice in the communities served by the district, may do any of the following:

(1) Guarantee to a physician and surgeon a minimum income for a period of no more than three years from the opening of the physician and surgeon's practice.

(2) Guarantee purchases of necessary equipment by the physician and surgeon.

(3) Provide reduced rental rates of office space in any building owned or leased by the district or any of its affiliated entities, or subsidize rental payments for office space in any other buildings, for a term of no more than three years.

(4) Provide other incentives to a physician and surgeon in exchange for consideration and upon terms and conditions the hospital district's board of directors deems reasonable and appropriate.

(b) Any provision in a contract between a physician and surgeon and a hospital district or affiliated nonprofit corporation is void which does any of the following:

(1) Imposes as a condition any requirement that the patients of the physician and surgeon, or a quota of the patients of the physician and surgeon, only be admitted to a specified hospital.

(2) Restricts the physician and surgeon from establishing staff privileges at, referring patients to, or generating business for another entity.

(3) Provides payment or other consideration to the physician and surgeon for the physician and surgeon's referral of patients to the district hospital or an affiliated nonprofit corporation.

(c) Contracts between a physician and surgeon and a hospital district or affiliated nonprofit corporation that provide an inducement for the physician and surgeon to practice in the community served by the district hospital shall contain both of the following:

(1) A provision which requires the inducement to be repaid with interest if the inducement is repayable.

(2) A provision which states that no payment or other consideration shall be made for the referral of patients to the district hospital or an affiliated nonprofit corporation.

(d) To the extent that this section conflicts with Section 650 of the Business and Professions Code, Section 650 of the Business and Professions Code shall supersede this section.

(e) The Legislature finds that this section is necessary to assist district hospitals to attract qualified physicians and surgeons to practice in the communities served by these hospitals, and that the health and welfare of the residents in these communities require these provisions.

HSC § 32121.4:

Notwithstanding any other provision of law, a hospital district or any affiliated nonprofit corporation, upon a finding by the board of directors of the district that it will be in the best interests of the district to provide additional diversification of facilities, may lease and operate the realty, facilities, and business of another hospital district in California, or create a leasehold interest in its own realty, improvements, and business in favor of another hospital district, if all of the following apply:

(a) That the lease when taken together with any extensions of the lease shall not exceed a total of 30 years.

(b) That the lessee district shall not finance any capital improvements through the use of the lessor district's credit.

(c) That the lessor district shall have successfully completed any feasibility studies required by its board of directors as will reasonably ensure that the lessor hospital's financial stability will not be endangered by the lease transaction.

(d) Nothing in this section shall be construed to impair or limit the authority of the California Medical Assistance Commission to contract for the provision of inpatient hospital services under the Medi-Cal program with local hospital district hospitals as sole distinct entities, even though one or more hospital districts may have entered into leasehold or joint-venture arrangements.

Any lease made pursuant to this section to one or more nonprofit corporations affiliated with a district, that is part of or contingent upon a transfer of 50 percent or more of the district's assets, in sum or by increment, to the affiliated nonprofit corporation shall be subject to the requirements of subdivision (p) of Section 32121.

HSC § 32121.5:

(a) Notwithstanding any other provision of this division, a health care district may enter into a contract of employment with a hospital administrator, including a hospital administrator

who is designated as chief executive officer, the duration of which shall not exceed four years, but which may periodically be renewed for a term of not more than four years.

(b) A contract entered into, or renewed, on or after January 1, 2014, shall not authorize retirement plan benefits to be paid to a hospital administrator, including a hospital administrator who is designated as chief executive officer, prior to his or her retirement.

HSC § 32121.6:

If a health care district enters into a written employment agreement with a hospital administrator, including a hospital administrator who is designated as a chief executive officer, the written employment agreement shall include all material terms and conditions agreed to between the district and the hospital administrator regarding compensation, deferred compensation, retirement benefits, severance or continuing compensation after termination of the agreement, vacation pay and other paid time off for illness or personal reasons, and other employment benefits that differ from those available to other full-time employees.

HSC § 32121.9:

A district that leases or transfers its assets to a corporation pursuant to this division, including, but not limited to, subdivision (p) of Section 32121 or Section 32126, shall act as an advocate for the community to the operating corporation. The district shall annually report to the community on the progress made in meeting the community's health needs.

HSC § 32122:

The board of directors may purchase all necessary surgical instruments and hospital equipment and equipment for nurses' homes and all other property necessary for equipping a hospital and nurses' home.

HSC § 32123:

The board of directors may purchase such real property, and erect or rent and equip such buildings or building, room or rooms as may be necessary for the hospital.

HSC § 32124:

The board of directors may establish a nurses' training school in connection with the hospital, prescribe a course of study for such training and after the completion of the course, provide for the issuance of diplomas to graduate nurses.

HSC § 32125:

(a) The board of directors shall be responsible for the operation of all health care facilities owned or leased by the district, according to the best interests of the public health and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of health care facilities under their management

and all property belonging thereto and may prescribe the terms upon which patients may be admitted thereto. Minimum standards of operation as prescribed in this article shall be established and enforced by the board of directors.

(b) A district shall not contract to care for indigent county patients at below the cost for care. In setting the rates the board shall, insofar as possible, establish rates as will permit the district health care facilities to be operated upon a self-supporting basis. The board may establish different rates for residents of the district than for persons who do not reside within the district.

(c) Notwithstanding any other provision of law, unless prohibited from doing so by action of the board of directors, the chief executive officer may establish a task force to assist the chief executive officer in operating the district's facilities. The chief executive officer shall, if required to do so by action of the board, select task force members from individuals nominated by the board. Once established, the task force may be dissolved by action of the chief executive officer or the board. Any action by the board under this subdivision shall require four votes from a board on which there are five members or five votes from a board on which there are seven members.

HSC § 32126:

(a) The board of directors may provide for the operation and maintenance through tenants of the whole or any part of any hospital acquired or constructed by it pursuant to this division, and for that purpose may enter into any lease agreement that it believes will best serve the interest of the district. A lease entered into with one or more corporations for the operation of 50 percent or more of the district's hospital, or that is part of, or contingent upon, a transfer of 50 percent or more of the district's assets, in sum or by increment, as described in subdivision (p) of Section 32121, shall be subject to the requirements of subdivision (p) of Section 32121. Any lease for the operation of any hospital shall require the tenant or lessee to conform to, and abide by, Section 32128. No lease for the operation of an entire hospital shall run for a term in excess of 30 years. No lease for the operation of less than an entire hospital shall run for a term in excess of 10 years.

(b) Notwithstanding any other provision of law, a sublease, an assignment of an existing lease, or the release of a tenant or lessee from obligations under an existing lease in connection with an assignment of an existing lease shall not be subject to the requirements of subdivision (p) of Section 32121 so long as all of the following conditions are met:

(1) The sublease or assignment of the existing lease otherwise remains in compliance with subdivision (a).

(2) The district board determines that the total consideration that the district shall receive following the assignment or sublease, or as a result thereof, taking into account all monetary and other tangible and intangible consideration to be received by the district including, without limitation, all benefits to the communities served by the district, is no less than the total consideration that the district would have received under the existing lease.

(3) The existing lease was entered into on or before July 1, 1984, upon approval of the board of directors following solicitation and review of no less than five offers from prospective tenants.

(4) If substantial amendments are made to an existing lease in connection with the sublease or assignment of that existing lease, the amendments shall be fully discussed in advance of the district board's decision to adopt the amendments in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(c) A health care district shall report to the Attorney General, within 30 days of any lease of district assets to one or more corporations, the type of transaction and the entity to whom the assets were leased.

HSC § 32126.5:

(a) The board of directors of a hospital district or any affiliated nonprofit corporation may do any of the following when it determines that the action is necessary for the provision of adequate health services to communities served by the district:

(1) Enter into contracts with health provider groups, community service groups, independent physicians and surgeons, and independent podiatrists, for the provision of health services.

(2) Provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community.

(3) Finance experiments with new methods of providing adequate health care.

(b) Nothing in this section shall authorize activities which corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

HSC § 32127:

The hospital district shall establish its own treasury and shall appoint a treasurer charged with the safekeeping and disbursement of the funds in the treasury of the district. The board of directors shall fix the amount of the bond to be given by such treasurer and shall provide for the payment of the premium therefor out of the maintenance and operation fund.

All moneys derived from that portion, if any, of the annual tax or assessment levied for capital outlay purposes shall be placed in the capital outlay fund. Any moneys derived from a special tax or assessment levied under Article 3 of Chapter 3 hereof shall be placed in a special assessment fund and shall be used exclusively for the purposes for which such special tax or assessment was voted.

All moneys derived from the regular annual tax or assessment provided in Article 1, Chapter 3 hereof, except any part thereof levied for capital outlay purposes, shall be placed in the maintenance and operation fund. All receipts and revenues of any kind from the operation of the hospital shall be paid daily into the treasury of said district and placed in the maintenance and operation fund. Moneys in the maintenance and operation fund may be expended for any of the purposes of the district; provided, however, that no such moneys may be expended for new construction of additional patient bed capacity other than as authorized by Section 32221 hereof. Whenever it appears that the sum in the bond interest and sinking fund will be insufficient to pay the interest or principal of bonds next coming due



and payable therefrom, a sum sufficient to pay such principal and interest shall be transferred by the board of directors from the maintenance and operation fund to said bond interest and sinking fund.

Except as to principal and interest of bonds, moneys in the treasury of the district shall be paid out by the treasurer, or such other officer or officers of the district, including the administrator, as may be authorized by the board. The treasurer shall keep such order as his voucher and shall keep accounts of all receipts into the district treasury and all disbursements therefrom.

Where bonds of the district are payable at the office of the district, all receipts from taxes levied to pay the principal and interest of such bonds shall be paid into the treasury of the district, and the treasurer of the district shall pay therefrom the principal and interest of such bonds.

Where bonds of the district are payable at the office of the county treasurer of the organizing county, at the option of the holder, or otherwise, all receipts from taxes levied to pay principal and interest of such bonds shall be paid into the treasury of the organizing county and shall be placed by the county treasurer in the bond interest and sinking fund of the district, and he shall pay the principal and interest of such bonds therefrom and shall keep an account of all moneys received into and paid out of said fund.

Any moneys in the treasury of the district and any moneys of the district in the bond interest and sinking fund of the district in the treasury of the organizing county may be deposited in accordance with the provisions of the general laws of the State of California governing the deposit of public moneys of cities or counties in such bank or banks in the State of California as may be authorized to receive deposits of public funds, in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks, and with like force and effect. The board of directors of the district are authorized to create a revolving fund which fund shall not exceed the sum of 10 percent of the estimated annual expenditures of the district at any one time and which shall be used for the purpose of paying the interim expenses of the operation of any hospital within the district without the necessity of a written order signed by the president and countersigned by the secretary as provided herein. The treasurer is authorized to deposit said fund in such bank or banks in the county as may be authorized to receive deposits of public funds in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks and with like force and effect, and shall be subject to withdrawal upon the signature of the treasurer, or such other official of the district as may be authorized by the board of directors, for the use and purpose provided for herein.

HSC § 32127.2:

Exclusively for the purpose of securing state insurance of financing for the construction of new health facilities, the expansion, modernization, renovation, remodeling and alteration of existing health facilities, and the initial equipping of any such health facilities under Chapter 1 (commencing with Section 129000) of Part 6 of Division 107, and notwithstanding any provision of this division or any other provision or holding of law, the board of directors of any district may (a) borrow money or credit, or issue bonds, as well as by the financing methods specified in this division, and (b) execute in favor of the state first mortgages, first deeds of trust, and other necessary security interests as the Office of Statewide Health

Planning and Development may reasonably require in respect to a health facility project property as security for the insurance. No payments of principal, interest, insurance premium and inspection fees, and all other costs of state-insured loans obtained under the authorization of this section shall be made from funds derived from the district's power to tax. It is hereby declared that the authorizations for the executing of the mortgages, deeds of trust and other necessary security agreements by the board and for the enforcement of the state's rights thereunder is in the public interest in order to preserve and promote the health, welfare, and safety of the people of this state by providing, without cost to the state, a state insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the rational meeting of the critical need for new, expanded and modernized public health facilities.

HSC § 32127.3:

- (a) Exclusively for the purpose of securing federal mortgage insurance, federal loans, federal loans or grants or guaranteed loans issued pursuant to the federal Consolidated Farm and Rural Development Act (7 U.S.C. Sec. 1921, et seq.), as amended by Public Law 109-171 on February 8, 2006, or federally insured loans issued pursuant to the National Housing Act (12 U.S.C. Secs. 1715w and 1715z-7) for financing or refinancing the construction of new health facilities, the expansion, modernization, renovation, remodeling, or alteration of existing health facilities, and the initial equipping of those health facilities under the federal mortgage insurance programs as are now or may hereafter become available to a local hospital district, and notwithstanding any provision of this division, or any other provision or holding of law, the board of directors of any district may do either or both of the following:
- (1) Borrow money or issue bonds, in addition to other financing methods authorized under this division.
  - (2) Execute, in favor of the United States, appropriate federal agency, or federally designated mortgagor, first mortgages, first deeds of trust, or other necessary security interests as the federal government may reasonably require with respect to a health facility project property as security for that insurance.
- (b) No payments of principal, interest, insurance premiums and inspection fees, and all other costs of financing obtained as authorized by this section shall be made from funds derived from the district's power to tax.
- (c) The Legislature hereby determines and declares that the authorizations for executing the mortgages, deeds of trust, or other necessary security agreements by the board and for the enforcement of the federal government's rights thereunder are in the public interest in order to preserve and promote the health, welfare, and safety of the people of the state by providing, without cost to the state, a federal mortgage insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the critical need for new, expanded, and modernized public health facilities to be met.
- (d) The Legislature further determines and declares that the United States, appropriate federal agency, or federally designated mortgagor named as beneficiary of any first

mortgage or other security interest delivered as authorized by this section is not a private person or body within the meaning of Section 11 of Article XI of the California Constitution.

HSC § 32128:

(a) The rules of the hospital, established by the board of directors pursuant to this article, shall include all of the following:

(1) Provision for the organization of physicians and surgeons, podiatrists, and dentists licensed to practice in this state who are permitted to practice in the hospital into a formal medical staff, with appropriate officers and bylaws and with staff appointments on an annual or biennial basis.

(2) Provision for a procedure for appointment and reappointment of medical staff as provided by the standards of the Joint Commission on Accreditation of Healthcare Organizations.

(3) Provisions that the medical staff shall be self-governing with respect to the professional work performed in the hospital; that the medical staff shall meet in accordance with the minimum requirements of the Joint Commission on Accreditation of Healthcare Organizations; and that the medical records of the patients shall be the basis for such review and analysis.

(4) Provision that accurate and complete medical records be prepared and maintained for all patients.

For purposes of this paragraph medical records include, but are not limited to, identification data, personal and family history, history of present illness, physical examination, special examinations, professional or working diagnoses, treatment, gross and microscopic pathological findings, progress notes, final diagnosis, condition on discharge, and other matters as the medical staff shall determine.

(5) Limitations with respect to the practice of medicine and surgery in the hospital as the board of directors may find to be in the best interests of the public health and welfare, including appropriate provision for proof of ability to respond in damages by applicants for staff membership, as long as no duly licensed physician and surgeon is excluded from staff membership solely because he or she is licensed by the Osteopathic Medical Board of California.

(b) Notwithstanding any other provision of law, the board of directors may indemnify for damages and for costs associated with the legal defense of any nonemployee member of the medical staff when named as a defendant in a civil action directly arising out of opinions rendered, statements made, or actions taken as a necessary part of participation in the medical peer review activities of the district. This provision for indemnification for damages shall not include any award of punitive or exemplary damages against any nonemployee member of the medical staff. If the plaintiff prevails in a claim for punitive or exemplary damages against a nonemployee member of the medical staff, the defendant, at the option of the board of directors of the district, shall be liable to the district for all the costs incurred in providing representation to the defendant.

(c) Notwithstanding subdivision (b) or any other provision of law, a district is authorized to pay that part of a judgment that is for punitive or exemplary damages against a nonemployee member of the medical staff arising out of participation in peer review activities, if the board of directors of the district, in its discretion, finds all of the following:

(1) The judgment is based on opinions rendered, statements made, or actions taken as a necessary part of participation in the medical peer review activities of the district.

(2) At the time of rendering of the opinions, making the statements, or taking the actions giving rise to the liability, the nonemployee member of the medical staff was acting in good faith, without actual malice, and in the apparent best interests of the district.

(3) Payment of the claim or judgment against the nonemployee member staff would be in the best interests of the district.

(d) The rules of the hospital shall, insofar as consistent with this article, be in accord with and contain minimum standards not less than the rules and standards of private or voluntary hospitals. Unless specifically prohibited by law, the board of directors may adopt other rules which could be lawfully adopted by private or voluntary hospitals.

HSC § 32128.10:

No hospital established by the board of directors pursuant to this article which permits sterilization operations for contraceptive purposes to be performed therein, nor the medical staff of such hospital, shall require the individual upon whom such a sterilization operation is to be performed to meet any special nonmedical qualifications, which are not imposed on individuals seeking other types of operations in the hospital. Such prohibited nonmedical qualifications shall include, but not be limited to, age, marital status, and number of natural children.

Nothing in this section shall prohibit requirements relating to the physical or mental condition of the individual or affect the right of the attending physician to counsel or advise his patient as to whether or not sterilization is appropriate. This section shall not affect existing law with respect to individuals below the age of majority.

HSC § 32129:

Notwithstanding the provisions of the Medical Practice Act, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with physicians and surgeons, podiatrists, health care provider groups, and nonprofit corporations for the rendering of professional health services on a basis as does not result in any profit or gain to the district from the services so rendered and as allows the board to ensure that fees and charges, if any, are reasonable, fair, and consistent with the basic commitment of the district to provide adequate health care to all residents within its boundaries.

HSC § 32129.5:

Notwithstanding any other provision of law, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with a physician and surgeon or podiatrist for

the rendering of professional services in the hospital, for the purpose of assuring that a physician and surgeon or podiatrist will be on duty in an outpatient emergency department maintained by the hospital, on a basis as does not result in any profit or gain to the district from the professional services of the physician and surgeon. For purposes of this section, the contract with the podiatrist shall be for those services which the podiatrist is licensed to practice pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code.

HSC § 32130:

A district may borrow money and incur indebtedness in an amount not to exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income received by the district, from whatever source derived. The money borrowed and indebtedness incurred under this section shall be repaid within the same fiscal year.

HSC § 32130.1:

A district is also authorized, when funds are needed to meet current expenses of maintenance and operation, to borrow money on certificates of indebtedness or other evidence of indebtedness in an amount not to exceed five cents (\$0.05) on each one hundred dollars (\$100) of assessed valuation of the district, the certificates of indebtedness to run for a period not to exceed five years and to bear interest not to exceed the rate prescribed in Section 53531 of the Government Code.

All certificates of indebtedness or other evidence of indebtedness shall be issued after the adoption by a three-fifths vote of the board of directors of the district of a resolution setting forth the necessity for the borrowing and the amount of the assessed valuation of the district and the amount of funds to be borrowed thereon. All certificates of indebtedness or other evidence of indebtedness shall be offered at public sale by the board of directors of the district after not less than 10 days advertising in a newspaper of general circulation within the district and if no newspaper of general circulation is printed within the district, then in a newspaper of general circulation within the county in which the district is located. Each sale shall be made to the bidder offering the lowest rate of interest or whose bid represents the lowest net cost to the district. However, the rate of interest shall not exceed the rate prescribed in Section 53531 of the Government Code.

The certificates of indebtedness or other evidences of indebtedness shall be signed on behalf of the district by the presiding officer and attested by the secretary of the board of directors of the district. The board of supervisors of the county in which the district lies shall, at the time of fixing the general tax levy, sometimes called the annual assessment or regular annual assessment for the district, and in the manner for the general tax levy provided, levy and collect annually each year until the certificates of indebtedness or other evidences of indebtedness are paid or until there is a sum in the treasury set apart for that purpose sufficient to meet all sums coming due for principal and interest on the certificates of indebtedness or other evidences of indebtedness, tax sufficient to pay the interest on the certificates of indebtedness as the same become due and also, to constitute a sinking fund for the payment of the principal thereof at maturity. The tax shall be in addition to all of the taxes levied for district purposes and shall be placed in a certificate of indebtedness, interest and sinking fund of the district and, until all of the principal of the interest and certificates of

indebtedness is paid, the money in the fund shall be used for no other purpose than the payment of the certificates of indebtedness and accruing interest thereon.

HSC § 32130.2:

(a) A district may, by resolution adopted by a majority of the district board, issue negotiable promissory notes to acquire funds for any district purposes subject to the restrictions and requirements imposed by this section. The maturity of the promissory notes shall not be later than 10 years from the date thereof. The total aggregate amount of the notes outstanding at any one time shall not exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income of the district. Indebtedness incurred pursuant to any other provision of law shall be disregarded in computing the aggregate amount of notes that may be issued pursuant to this section.

(b) Negotiable promissory notes may be issued pursuant to this section for any capital outlay facility, equipment, or item which has a useful life equal to, or longer than, the term of the notes, as determined by the board of directors.

(c) The maximum annual interest rate which may be paid on negotiable promissory notes shall at no time exceed the amount authorized under Section 53531 of the Government Code.

HSC § 32130.5:

The first board of directors of a district may, within a period of two years from and after the formation of the district, pursuant to a resolution adopted by it for the purpose, borrow money on certificates of indebtedness, promissory notes, or other evidences of indebtedness, in anticipation of the estimated tax revenue for the following fiscal year, to be repaid within two years from the date of borrowing with interest at a rate not to exceed 5 percent per annum, in order to enable the district to meet all of its necessary initial expenses of organization, construction, acquisition, maintenance, and operation. The total amount of money borrowed and indebtedness incurred under this section and Section 32130 during this two-year period shall not exceed 50 percent of the total amount of estimated tax revenue as estimated by the county auditor or auditors of the county or counties in which the district lies for the following fiscal year.

The provisions of Section 32130 are applicable in respect to any indebtedness incurred under this section to the extent that they are consistent with this section.

HSC § 32130.6:

Notwithstanding any other provision of law, a district may do any of the following by resolution adopted by a majority of the district board:

(a) (1) Enter into a line of credit with a commercial lender that is secured, in whole or in part, by the accounts receivable or other intangible assets of the district, including anticipated tax

revenues, and thereafter borrow funds against the line of credit to be used for any district purpose.

(2) Any money borrowed under this line of credit pursuant to paragraph (1) shall be repaid within five years from each separate borrowing or draw upon the line of credit.

(3) The district may enter into a new and separate line of credit to repay a previous line of credit pursuant to paragraph (1), provided that the district complies with this section in entering into a new line of credit.

(4) Enter into a line of credit with a commercial lender for the sole purpose of consolidating debt incurred by the district prior to January 1, 2010. Debt incurred under this paragraph shall be repaid within 20 years of the consolidation borrowing. The total amount of debt that a district may have outstanding at any one time under this paragraph shall not exceed the amount of two million dollars (\$2,000,000).

(b) Enter into capital leases for the purchase by the district of equipment to be used for any district purpose.

(1) The term of any capital lease shall not be longer than 10 years.

(2) The district may secure the purchase of equipment by a capital lease by giving the lender a security interest in the equipment leased under the capital lease.

(c) Enter into lease-purchase agreements for the purchase by the district of real property, buildings, and facilities to be used for any district purpose. The term of any lease-purchase agreement shall not exceed 10 years.

(d) Nothing in this section shall provide the district with the authority to increase taxes in order to repay a line of credit established pursuant to subdivision (a) unless the tax is passed pursuant to Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

HSC § 32131:

The board of directors may maintain membership in any local, state or national group or association organized and operated for the promotion of the public health and welfare or the advancement of the efficiency of hospital administration, and in connection therewith pay dues and fees thereto.

Any and all other powers not identified above, which the AVMC may propose to exercise, are considered to be new or different functions or classes of services (formerly known as "latent powers"). The AVMC is prohibited from exercising such new or different functions or classes of services without the advance, written approval of the Commission pursuant to Government Code Sections 56824.10 through 56824.14, inclusive, and as addressed elsewhere in the Act.

As noted previously, HSC § 32121(j) states that a health care district has the following authority:

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs,



services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities **at any location within or without the district** for the benefit of the district and the people served by the district [emphasis added].

While this section states that a health care district may provide services outside its jurisdictional boundary, a health care district may not do unless and until it first secures the approval of the Commission (LAFCO), pursuant to Government Code § 56133.

### **Municipal Service Review Determinations**

Government Code Section 56430 requires LAFCO to “conduct a service review of the municipal services” and to “prepare a written statement of its determinations” relative to several factors below. This section addresses these factors and includes the recommended determinations.

#### **1. Growth and Population Projections**

Based upon 2020 Census data, the current population within the AVMC’s jurisdictional boundary is 420,286.<sup>12</sup>

According to the Southern California Association of Governments (SCAG), the projected population of this area is 468,373. This equals a growth rate of 11.44% for the 2020-2035 period.<sup>13</sup>

While the growth rate is significant, it is important to note that, over several decades, the AVMC has added new facilities, programs, and services to accommodate a growing population. Since the establishment of the AVMC several decades ago, there are additional hospitals, medical centers, and service providers which have been established and which provide similar services to that of the district. In that regard, the growth projected in the AVMC’s service territory is not expected to have a significant effect on the district’s ability to provide medical services to its customers.

#### **Determinations:**

- The population within the boundaries of the AVMC is expected to grow at a significant rate of 11.44 % between now and 2035.
- The growth projected in the AVMC’s service territory is not expected to have a significant effect on the district’s ability to provide medical services to its customers.

#### **2. Location and Characteristics of Disadvantaged Unincorporated Communities**

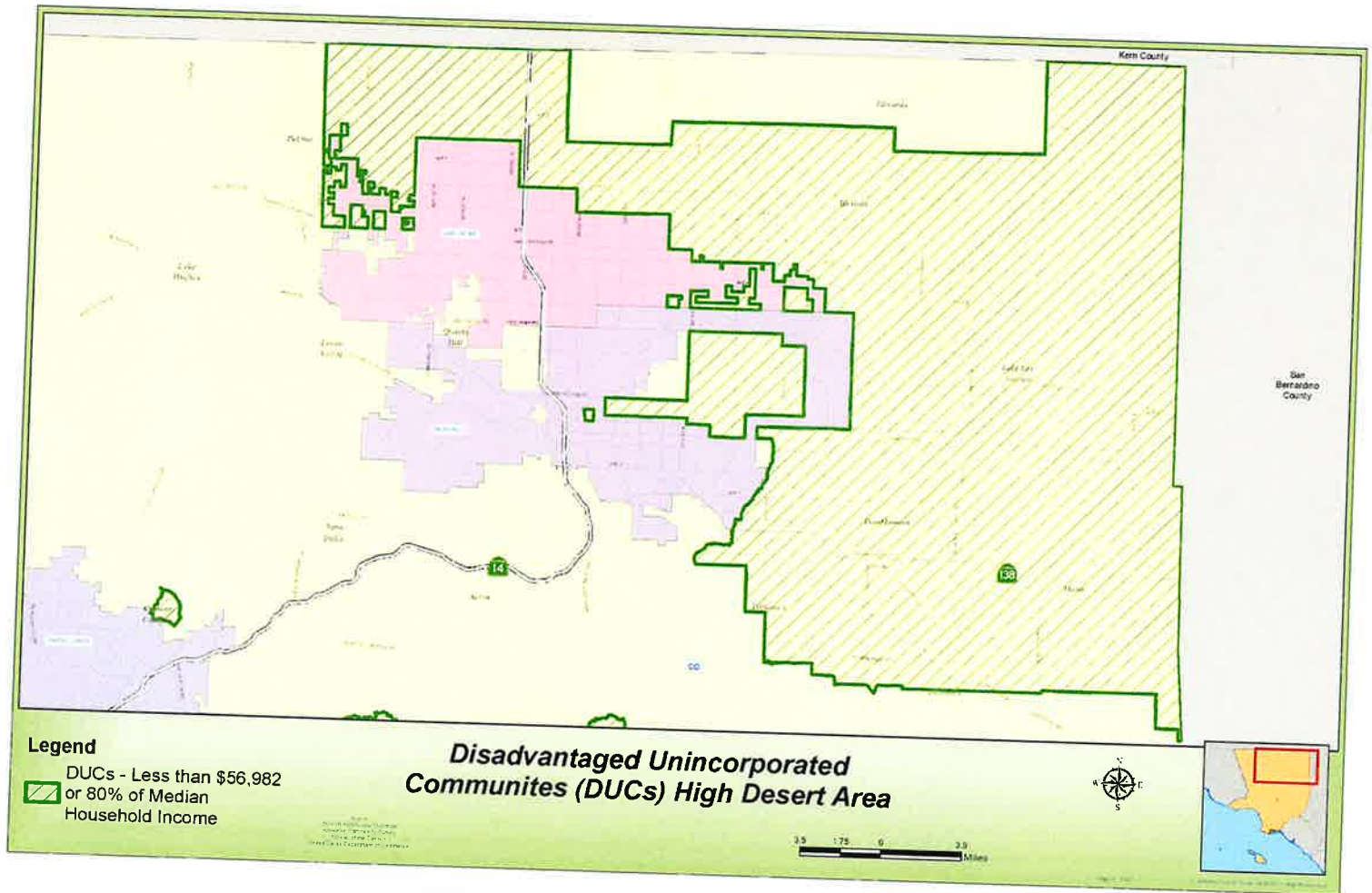
Pursuant to the State’s passage of Senate Bill 244, and as of January 1, 2012, LAFCOs are required to make determinations regarding Disadvantaged Unincorporated Communities (DUCs) for an Update of an SOI. The law defines a DUC as a community with an annual median household income that is less than eighty percent (80%) of the statewide annual median household income. The law also requires that LAFCOs consider “the location and characteristics of any disadvantaged communities within or contiguous to the sphere of influence” when preparing an MSR.



The intent of SB 244 is to protect against the potential for cities and special districts to engage in a pattern of "selective" annexations which may lead to the establishment "service islands" in which disadvantaged residents receive inferior structural fire protection, municipal water, and sanitary sewage disposal and treatment services compared to adjoining areas within a city or

## Exhibit 2

### Disadvantaged Unincorporated Communities



district's boundary. The AVMC's focus on providing medical services is unrelated to these traditional municipal services (fire, water, sanitation).

There are multiple DUCs spread throughout the Antelope Valley (see Exhibit 2, above); nearly all of which lie within the boundaries of the AVMC. Of the existing DUCs in the Antelope Valley, only a relatively small portion of the southeasterly corner of a very large DUC (generally located south of the unincorporated communities of Juniper Hills and Valyermo, as well as Devil's Punchbowl County Park) lies outside the boundaries of the AVMC, and this area is sparsely populated.

The AVMC provides health services to communities it serves, regardless of whether the involved territory lies within, or outside of, a DUC. Additionally, and given the constraints of Federal and state laws, hospital staff are precluded from denying emergency services to prospective patients.

**Determinations:**

- The core services provided by the AVMC do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.
- The AVMC provides its services in all portions of its district, regardless of whether the involved territory lies within, adjacent to, or outside of, a DUC.

3. *Present and Planned Capacity of Public Facilities; Adequacy of Public Services; Infrastructure Needs or Deficiencies.*

The current public facilities and infrastructure of the AVMC are sufficient. The District has substantial assets (land, buildings, equipment/facilities) which enable it to adequately provide a range of medical services to residents of the Antelope Valley.

In the long term, the District will need to undertake a substantial modernization of the existing main hospital building, or replace it altogether. The District recently formulated a plan to replace the main hospital building on adjoining district-owned land. Upon completion of the new main hospital building, the old hospital building would close; all services, facilities and patients would transfer to the new hospital building. This plan was dependent on the passage of a bond (Measure H) in June of 2022; although the bond received majority voter approval, it did not receive the two-thirds voter approval required by State law.

Under current State laws concerning seismic issues, the District may continue to operate the main hospital building until the year 2030. District representatives are reevaluating all options relative to the future of the main hospital building. Because the building is largely constructed of solid cement, the building is a poor candidate to be retrofitted. Pursuing a bond presents certain challenges, given that Measure H is the third time that a bond has received majority approval but failed to reach the required two-thirds threshold for passage. Given these circumstances, it is fair to say that the planned capacity of the main hospital is not sufficient in the longer term. It is important to note, however, that District representatives are intimately aware of the building's limitations and the need to address the issue, and they are performing serious and comprehensive due diligence to evaluate all options before proceeding.

**Determinations:**

- At this time, the current public facilities and infrastructure of the AVMC are adequate.
- The District has substantial assets (land, buildings, equipment/facilities) which enable it to provide a range of medical services to residents of the Antelope Valley.

- The planned capacity of the main hospital is not sufficient in the long-term.
- District representatives are aware of the main hospital building's limitations and the need to address the issue, and they should continue to exercise serious and comprehensive due diligence to evaluate all options before proceeding.

#### 4. Financial Ability of Agency to Provide Services

As noted in Exhibit 3 on Page 27, the AVMC is in a strong financial position. Over the last four (4) years, the District's total operating revenues have increased at a rate equal to, or above, the increases in total operating expenditures. With the exception of 2020—the year the AVMC was most impacted by increased costs associated with the COVID-19 pandemic—the District has had a positive cash flow for four (4) of the last five (5) years.

The District has adequate funding from multiple sources to finance on-going operations. The District also maintains a healthy reserve fund, with a balance currently in excess of \$200 million.<sup>14</sup>

#### **Determinations:**

- The AVMC is in a strong financial positions, maintaining consistent growth in operating revenues, and achieving positive cash flow in four of the last five years (the one exception due to COVID-pandemic impacts).
- The District has adequate funding from multiple sources to finance on-going operations.
- The District also maintains a health reserve fund, with a balance currently in excess of \$200 million.

#### 5. Status of, and Opportunities for, Shared Facilities

The District owns and operates several buildings, and it also leases property and space within its building to tenants, all of which are medical care or medical-related uses. Beyond the on-going changes in tenancy, which are normal for any landlord, there are no apparent additional opportunities to share facilities with other agencies.

#### **Determinations:**

- The AVMC leases property and space within its buildings to medical care and medical-related tenants.
- There are no apparent additional opportunities to share facilities with other agencies.

#### 6. Accountability for Community Service Needs

The AVMC is governed by a five-member elected board of directors. The AVMC Board of Directors meets at the hospital on the last Wednesday of the month at 6:30 p.m. The District's current board meeting agenda, and prior agendas, are available on the District's website (avmc.org).

**Exhibit 3**

**AVMC – Budgetary Highlights**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Total Operating Revenues</b>	\$ 418,393,000	\$ 435,015,000	\$ 447,411,000	\$ 466,415,000	\$ 554,277,000
Percentage change	N/A	3.97%	2.85%	4.25%	18.84%
<b>Total Operating Expenses</b>	\$ 391,480,000	\$ 399,368,000	\$ 419,828,000	\$ 431,789,000	\$ 507,333,000
Percentage change	N/A	2.01%	5.12%	2.85%	17.50%
<b>Depreciation/Interest</b>	\$ 22,618,000	\$ 24,033,000	\$ 25,091,000	\$ 24,528,000	\$ 25,902,000
Percentage change	N/A	6.26%	4.40%	-2.24%	5.60%
<b>Income (Loss) from Operations</b>	\$ 4,295,000	\$ 11,614,000	\$ 2,492,000	\$ 10,098,000	\$ 21,042,000
Percentage change	N/A	170.41%	-78.54%	305.22%	108.38%
<b>Investment/Capital Contribs.</b>	\$ 1,164,000	\$ 2,487,000	\$ 6,211,000	\$ 9,215,000	\$ 4,279,000
Percentage change	N/A	113.66%	149.74%	48.37%	-53.56%
<b>Net Income</b>	\$ 5,459,000	\$ 14,101,000	\$ 8,703,000	\$ 19,313,000	\$ 25,321,000
Percentage change	N/A	158.31%	-38.28%	121.91%	31.11%

There are three (3) laws which require public agencies to post specific information to their website:

- Senate Bill 929 (2018) requires all independent special districts in California to create and maintain a website, which shall include specified information about the district, as of January of 2020;
- Senate Bill 272 (2015) requires that public agencies create a catalog of their enterprise systems (any software application or computer system that collects, stores, exchanges, and analyzes information that the agency uses), and post the catalog to the homepage of the agency's website; and
- AB 1728 (2018) requires health care districts to maintain a website which includes contact information, a list of board-members, meeting information, the adopted budget,

the latest audit and annual financial reports, recipients of grant funding, the District's grant funding policies, and a copy of LAFCO's most recent MSR of the district (or a link to the MSR on LAFCO's website).

The District maintains a website which conforms to most of these requirements, above, with the following exceptions:

- The agenda is not "searchable and indexable" (it should be noted that most public agency websites do not meet this requirement);
- There is no list of enterprise systems (by law, it should be on the district website's homepage); and
- There is no copy (nor a website) link to LAFCO's 2004 MSR of the district.

**Determination:**

- The AVMC operates in a transparent manner, and it is reasonably in compliance with applicable State law relative to the posting of meeting agendas and website requirements.

7. Other Matters

(None)

**Determinations:**

(No additional determinations)

### **Sphere of Influence Update**

In reviewing and updating the Antelope Valley Medical Center Sphere of Influence, LAFCO is required to adopt written determinations relative to several factors specified in Government Code § 56425:

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

**Determinations:**

- The jurisdictional boundary of the AVMC includes the City of Lancaster and the City of Palmdale, as well as unincorporated communities in the Antelope Valley (Acton, Juniper Hills, Lake Hughes, Lake Los Angeles, Leona Valley, Quartz Hill, and Pearblossom). To the south, the District includes unincorporated Agua Dulce, as well as portions of the Angeles National Forest and the Devil's Punchbowl County Park; to the east, the AVMC boundary includes all of Antelope Valley to the San Bernardino County line; to the north, the boundary includes most of Antelope Valley (excluding Edwards Air Force Base (EAFB) and unincorporated Gorman) to the Kern County line; and on the west, the boundary includes portions of the Angeles National Forest.

- The District includes encompasses nearly all territory within the Antelope Valley, which includes a variety of land uses: developed single-family residential, multiple-family residential, commercial, retail, and industrial space; public parks, recreation areas, active open space, and passive open space; and portions of the Angeles National Forest; and it is traversed by two major highways (State Routes 14 and 138).
- Most developed land is clustered in the two cities (Lancaster and Palmdale), with some also in County unincorporated communities, the largest of which is unincorporated Quartz Hill.
- The region is expected to grow substantially in the future, especially in terms of additional residential development.

2. Present and probable need for public facilities and services in the area

**Determination:**

- The region served by the AVMC will continue to require public facilities and services indefinitely, including the services provided by the AVMC.

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

**Determinations:**

- The current public facilities and infrastructure of the AVMC are adequate at this time.
- The District has substantial assets (land, buildings, equipment/facilities) which enable it to provide a range of medical services to residents of the Antelope Valley.
- The planned capacity of the main hospital is not sustainable in the long-term.
- District representatives are aware of the main hospital building's limitations and the need to address the issue, and they should continue to exercise serious and comprehensive due diligence to evaluate all options before proceeding.
- The AVMC is in a strong financial position, maintaining consistent growth in operating revenues, and achieving positive cash flow in four of the last five years (the one exception due to COVID-pandemic impacts).
- The District has adequate funding from multiple sources to finance on-going operations.
- The District also maintains a health reserve fund, with a balance currently in excess of \$200 million.

4. Existence of any social or economic communities of interest in the area

**Determinations:**

- There are multiple social and economic communities of interest in the area served by the AVMC.
- The AVMC provides its services in all portions of its District, regardless of whether the involved territory lies within, adjacent to, or outside of, a social and economic community of interest.

5. For cities or special districts that provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of Influence.

**Determinations:**

- The core services provided by the AVMC do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.
- The AVMC provides its services in all portions of its District, regardless of whether the involved territory lies within, adjacent to, or outside of, a DUC.

Antelope Valley Medical Center SOI Recommendation:

Staff recommends that the Commission reconfirm the existing SOI for the AVMC, as shown in the map in Exhibit 4 on Page 31, below, based upon the following considerations:

1. The Coterminous SOI for the AVMC covers vast territory, encompassing most of the Antelope Valley, and including significant portions of unincorporated Acton and Agua Dulce.
2. According to AVMC representatives, the AVMC has no interest in annexing additional territory into its jurisdictional boundary in the foreseeable future.

(continues on Page 31)



(continues on Page 32)



## Chapter Four: Beach Cities Health District

The Beach Cities Health District (BCHD or District) is an independent special district that was established in 1955. The District was originally established to develop a hospital. Upon the passage of a bond by the voters in 1956, construction began in 1957, and the hospital opened in 1960.<sup>15</sup>

The hospital was leased to American Medical International (AMI) as an operator in 1984 for a thirty-year term, to 2014. In 1995, Tenet Healthcare Corp. acquired AMI and assumed the lease. The District closed the hospital on May 31, 1998. In 1998, Tenet paid out the remaining lease term.<sup>16</sup> Since that time, the District has utilized some space in the former hospital building for its own programs, and leased other space to tenants providing health and wellness services and programs.

As noted on the District's website:

"Beach Cities Health District (BCHD) is a health care district focused on preventive health and serves the communities of Hermosa Beach, Manhattan Beach and Redondo Beach. Established in 1955 as a public agency, it offers an extensive range of dynamic health and wellness programs, with innovative services and facilities to promote health and prevent diseases across the lifespan.

"Focusing on wellness, not sickness, encourages people to make wiser health care decisions. Preventative causes of illness and death, like tobacco smoking, poor diet and physical inactivity, are estimated to be responsible for nearly a million deaths annually—almost 40 percent of total yearly mortality in the United States. According to the Center for Disease Control (CDC), about 90 percent of today's healthcare costs are for treating people with chronic yet preventable diseases. BCHD's wellness and healthy living programs and services are aimed at making prevention an integral part of the classrooms, workplace and homes of the beach cities."<sup>17</sup>

The BCHD is governed by a five-member board of directors, elected on an at-large basis. Each board-member serves a four-year term. The Board meets at on the fourth Wednesday of the month at the District's office at 6:30 p.m., except in August and December. Due to on-going issues associated with the COVID pandemic, the BCHD Board of Directors currently meets in a virtual format. The website includes board agendas, agenda packets, presentations, minutes, and video recordings of recent meetings.

The jurisdictional boundary of the BCHD includes the cities of Hermosa Beach, Manhattan Beach, and Redondo Beach. In addition to those three (3) cities, the SOI includes the cities of El Segundo, Gardena, Hawthorne, Lawndale, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, and Torrance, as well as several unincorporated communities (Del Aire, West Alondra Park, Westfield, and others). The jurisdictional and SOI boundaries of the BCHD are shown as Exhibit 5 on Page 34.

The BCHD owns seven (7) properties in the City of Redondo Beach (2114 Artesia Boulevard; 1272 Beryl Street; 601 So. Pacific Coast Highway; 510, 512, 514, and 520 No. Prospect Avenue); and one property each in the City of Hermosa Beach (1837 Pacific Coast Highway) and Manhattan Beach (1701 Marine Avenue).<sup>18</sup> These various properties are developed with

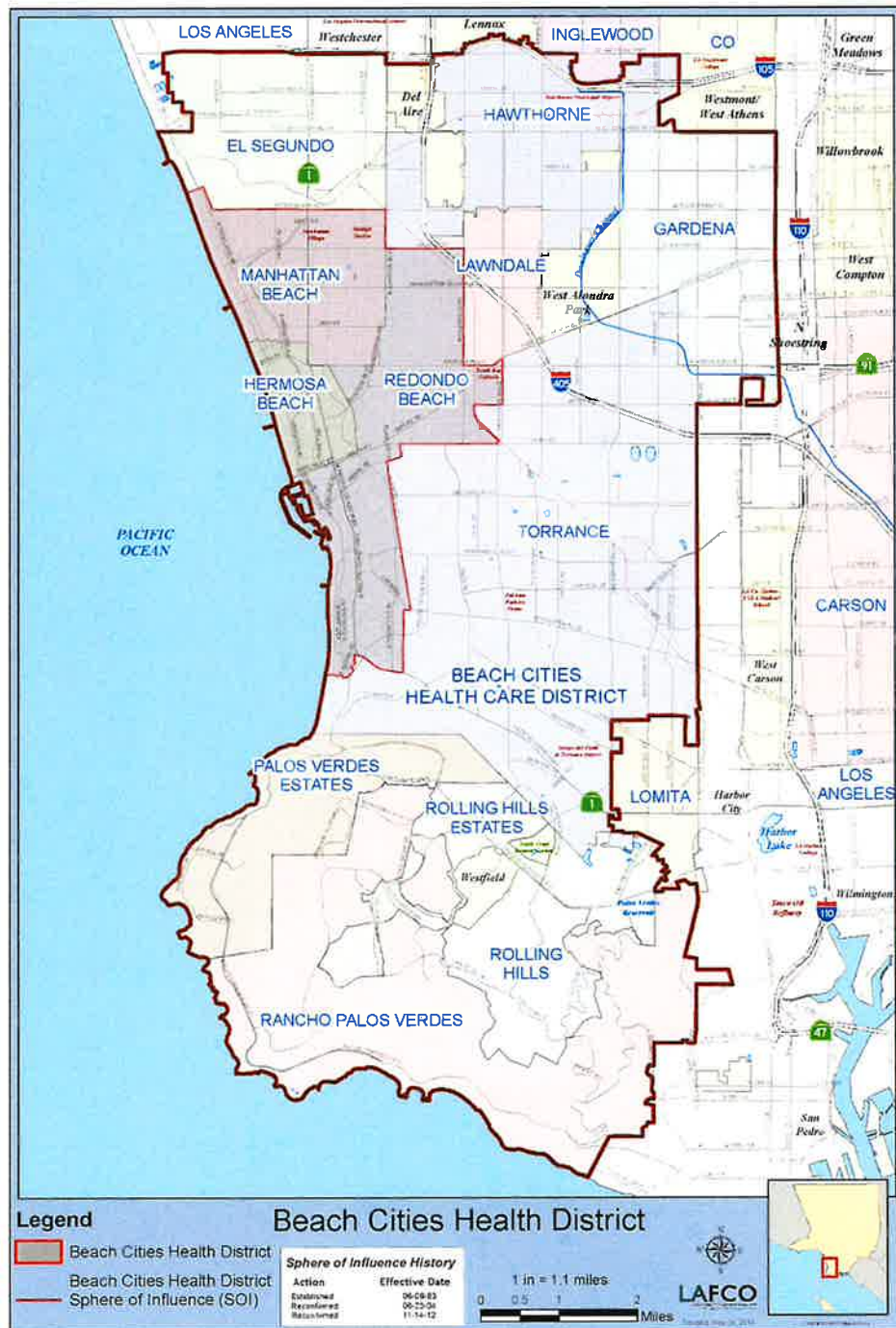
multiple health-related uses, such as the Beach Cities Health Center; the Center for Health and Fitness (a fitness center with exercise equipment that offers personal training, small group training, and exercise classes for the general public, and exercise classes tailored to senior citizens); Adventure Plex (an indoor recreation and exercise facility for young children); as well as lessees that provide Alzheimer residential care, assisted living, radiological services, surgery center services, and urgent care, amongst other programs, BCHD offers the following services:

- Children: exercise programs, obesity prevention education, mental health awareness, school-based gardens, and volunteer-assisted walk-to-school programs;
- Middle-School and High School Students: mental health collaboration and wellness councils, substance abuse prevention;
- Senior citizens and persons with disabilities: care management (companionship, errand assistance, in-home exercise, limited transportation assistance, and on-line volunteer support.
- Mental health programs;
- Substance abuse prevention;
- Parenting education; and
- Blue Zones Project: programs which promote healthy exercise, eating, and shopping.<sup>19</sup>

BCHD has proposed a Healthy Living Campus Project, which entails a substantial redevelopment of the district's main campus in the City of Redondo Beach. The project includes the removal of the former hospital building (514 building), which, according to district representatives, is in need of a costly and significant seismic upgrade were it to be maintained; and development of new facilities: a 217-unit residential care facility for the elderly (RCFE), BCHD programs and services (care management for seniors and persons with disabilities), youth wellness center, active open space, an aquatics center, a health and fitness center, a community wellness pavilion with space for community meetings and events, and parking. The BCHD Board of Directors approved and certified an Environmental Impact Report (EIR) on September 8, 2021. BCHD representatives submitted a pre-application for Master Plan, Conditional Use Permit (CUP), and Design Review to the City of Redondo Beach on February 22, 2022.<sup>20</sup> City representatives provided comments to BCHD; city staff further indicated that BCHD representatives are working to address these comments and submit the application to the City of Redondo Beach.<sup>21</sup>

Funding for the District comes from property taxes, lease revenues, limited partnership income, user fees, and donations and grants.<sup>22</sup> As of May, 2021, the BCHD staff includes one hundred fifty-six (156) employees.<sup>23</sup>

**Exhibit 5**  
**Existing Beach Cities Health District**  
**Jurisdictional and SOI Boundary**



## Functions or Classes of Services

The existing “functions or classes of services” are those municipal services that are already being provided, and/or were previously provided by a special district within its boundaries; prior to recent changes in the Act, these existing functions or classes of municipal services were known as “active powers.” New or different functions or classes of services are those powers authorized by the principal act under which the district was formed, but not currently exercised by a special district; prior to recent changes in the Act, these existing functions or classes of municipal services were known as “latent powers.”

State law directs LAFCOs to determine each special district’s active powers, and to maintain a record of those active powers.

Because LAFCO did not identify active powers for the BCHD when LAFCO added special district representatives, nor when it adopted the Miscellaneous Government Services MSR and SOI Update in 2004, this MSR will identify those active powers which the BCHD is currently providing. All other services are considered to be latent powers; LAFCO approval (pursuant to Government Code Section 56824.10) would be required before the district could provide any new or different functions or classes of services.

By adopting this MSR, the Commission (LAFCO) hereby authorizes the BCHD to provide the following functions or classes of services:

### Health & Safety Code (HSC) § 32121:

- (a) To have and use a corporate seal and alter it at its pleasure.
- (b) To sue and be sued in all courts and places and in all actions and proceedings whatever.
- (c) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the district.
- (d) To exercise the right of eminent domain for the purpose of acquiring real or personal property of every kind necessary to the exercise of any of the powers of the district.
- (e) To establish one or more trusts for the benefit of the district, to administer any trust declared or created for the benefit of the district, to designate one or more trustees for trusts created by the district, to receive by gift, devise, or bequest, and hold in trust or otherwise, property, including corporate securities of all kinds, situated in this state or elsewhere, and where not otherwise provided, dispose of the same for the benefit of the district.
- (f) To employ legal counsel to advise the board of directors in all matters pertaining to the business of the district, to perform the functions in respect to the legal affairs of the district as the board may direct, and to call upon the district attorney of the county in which the greater part of the land in the district is situated for legal advice and assistance in all matters concerning the district, except that if that county has a county counsel, the directors may call upon the county counsel for legal advice and assistance.

(g) To employ any officers and employees, including architects and consultants, the board of directors deems necessary to carry on properly the business of the district.

(h) To prescribe the duties and powers of the health care facility administrator, secretary, and other officers and employees of any health care facilities of the district, to establish offices as may be appropriate and to appoint board members or employees to those offices, and to determine the number of, and appoint, all officers and employees and to fix their compensation. The officers and employees shall hold their offices or positions at the pleasure of the boards of directors.

(i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district. "Health care facilities," as used in this subdivision, means those facilities defined in subdivision (b) of Section 32000.1 and specifically includes freestanding chemical dependency recovery units. "Health facilities," as used in this subdivision, may also include those facilities defined in subdivision (d) of Section 15432 of the Government Code.

(k) To do any and all other acts and things necessary to carry out this division.

(m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.

(o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.

(r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems and programs properly licensed by the Department of Insurance or the Department of Managed Care, at any location within or without the district for the benefit of residents of communities served by the district. However, that activity shall not be deemed to result in, or constitute, the giving or lending of the district's credit, assets, surpluses, cash, or tangible goods to, or in aid of, any person, association, or corporation in violation of Section 6 of Article XVI of the California Constitution.

Nothing in this section shall be construed to authorize activities that corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Any agreement to provide health care coverage that is a health care service plan, as defined in subdivision (f) of Section 1345, shall be subject to Chapter 2.2 (commencing with Section 1340) of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

A district shall not provide health care coverage for any employee of an employer operating within the communities served by the district, unless the Legislature specifically authorizes, or has authorized in this section or elsewhere, the coverage.

Nothing in this section shall be construed to authorize any district to contribute its facilities to any joint venture that could result in transfer of the facilities from district ownership.

(s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.

HSC § 32121.1:

By resolution, the board of directors of a local hospital district may delegate to its administrator the power to employ (subject to the pleasure of the board of directors), and discharge, such subordinate officers and employees as are necessary for the purpose of carrying on the normal functions of any hospital operated by the district.

HSC § 32125:

(a) The board of directors shall be responsible for the operation of all health care facilities owned or leased by the district, according to the best interests of the public health and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of health care facilities under their management and all property belonging thereto and may prescribe the terms upon which patients may be admitted thereto. Minimum standards of operation as prescribed in this article shall be established and enforced by the board of directors.

(b) A district shall not contract to care for indigent county patients at below the cost for care. In setting the rates the board shall, insofar as possible, establish rates as will permit the district health care facilities to be operated upon a self-supporting basis. The board may establish different rates for residents of the district than for persons who do not reside within the district.

(c) Notwithstanding any other provision of law, unless prohibited from doing so by action of the board of directors, the chief executive officer may establish a task force to assist the chief executive officer in operating the district's facilities. The chief executive officer shall, if required to do so by action of the board, select task force members from individuals nominated by the board. Once established, the task force may be dissolved by action of the chief executive officer or the board. Any action by the board under this subdivision shall require four votes from a board on which there are five members or five votes from a board on which there are seven members.

HSC § 32126.5:

(a) The board of directors of a hospital district or any affiliated nonprofit corporation may do any of the following when it determines that the action is necessary for the provision of adequate health services to communities served by the district:

(1) Enter into contracts with health provider groups, community service groups, independent physicians and surgeons, and independent podiatrists, for the provision of health services.

(2) Provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community.

(3) Finance experiments with new methods of providing adequate health care.

(b) Nothing in this section shall authorize activities which corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

HSC § 32127:

The hospital district shall establish its own treasury and shall appoint a treasurer charged with the safekeeping and disbursal of the funds in the treasury of the district. The board of directors shall fix the amount of the bond to be given by such treasurer and shall provide for the payment of the premium therefor out of the maintenance and operation fund.

All moneys derived from that portion, if any, of the annual tax or assessment levied for capital outlay purposes shall be placed in the capital outlay fund. Any moneys derived from a special tax or assessment levied under Article 3 of Chapter 3 hereof shall be placed in a special assessment fund and shall be used exclusively for the purposes for which such special tax or assessment was voted.

All moneys derived from the regular annual tax or assessment provided in Article 1, Chapter 3 hereof, except any part thereof levied for capital outlay purposes, shall be placed in the maintenance and operation fund. All receipts and revenues of any kind from the operation of the hospital shall be paid daily into the treasury of said district and placed in the maintenance and operation fund. Moneys in the maintenance and operation fund may be expended for any of the purposes of the district; provided, however, that no such moneys may be expended for new construction of additional patient bed capacity other than as authorized by Section 32221 hereof. Whenever it appears that the sum in the bond interest and sinking fund will be insufficient to pay the interest or principal of bonds next coming due and payable therefrom, a sum sufficient to pay such principal and interest shall be transferred by the board of directors from the maintenance and operation fund to said bond interest and sinking fund.

Except as to principal and interest of bonds, moneys in the treasury of the district shall be paid out by the treasurer, or such other officer or officers of the district, including the administrator, as may be authorized by the board. The treasurer shall keep such order as his voucher and shall keep accounts of all receipts into the district treasury and all disbursements therefrom.

Where bonds of the district are payable at the office of the district, all receipts from taxes levied to pay the principal and interest of such bonds shall be paid into the treasury of the district, and the treasurer of the district shall pay therefrom the principal and interest of such bonds.

Where bonds of the district are payable at the office of the county treasurer of the organizing county, at the option of the holder, or otherwise, all receipts from taxes levied to pay principal and interest of such bonds shall be paid into the treasury of the organizing county and shall be placed by the county treasurer in the bond interest and sinking fund of the district, and he shall pay the principal and interest of such bonds therefrom and shall keep an account of all moneys received into and paid out of said fund.

Any moneys in the treasury of the district and any moneys of the district in the bond interest and sinking fund of the district in the treasury of the organizing county may be deposited in accordance with the provisions of the general laws of the State of California governing the deposit of public moneys of cities or counties in such bank or banks in the State of California as may be authorized to receive deposits of public funds, in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks, and with like force and effect. The board of directors of the district are authorized to create a revolving fund which fund shall not exceed the sum of 10 percent of the estimated annual expenditures of the district at any one time and which shall be used for the purpose of paying the interim expenses of the operation of any hospital within the district without the necessity of a written order signed by the president and countersigned by the secretary as provided herein. The treasurer is authorized to deposit said fund in such bank or banks in the county as may be authorized to receive deposits of public funds in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks and with like force and effect, and shall be subject to withdrawal upon the signature of the treasurer, or such other official of the district as may be authorized by the board of directors, for the use and purpose provided for herein.

HSC §32127.2:

Exclusively for the purpose of securing state insurance of financing for the construction of new health facilities, the expansion, modernization, renovation, remodeling and alteration of existing health facilities, and the initial equipping of any such health facilities under Chapter 1 (commencing with Section 129000) of Part 6 of Division 107, and notwithstanding any provision of this division or any other provision or holding of law, the board of directors of any district may (a) borrow money or credit, or issue bonds, as well as by the financing methods specified in this division, and (b) execute in favor of the state first mortgages, first deeds of trust, and other necessary security interests as the Office of Statewide Health Planning and Development may reasonably require in respect to a health facility project property as security for the insurance. No payments of principal, interest, insurance premium and inspection fees, and all other costs of state-insured loans obtained under the authorization of this section shall be made from funds derived from the district's power to tax. It is hereby declared that the authorizations for the executing of the mortgages, deeds of trust and other necessary security agreements by the board and for the enforcement of the state's rights thereunder is in the public interest in order to preserve and promote the health, welfare, and safety of the people of this state by providing, without cost to the state, a state insurance program for health facility construction loans in order to stimulate the flow of



private capital into health facilities construction to enable the rational meeting of the critical need for new, expanded and modernized public health facilities.

HSC § 32129:

Notwithstanding the provisions of the Medical Practice Act, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with physicians and surgeons, podiatrists, health care provider groups, and nonprofit corporations for the rendering of professional health services on a basis as does not result in any profit or gain to the district from the services so rendered and as allows the board to ensure that fees and charges, if any, are reasonable, fair, and consistent with the basic commitment of the district to provide adequate health care to all residents within its boundaries.

32130.6.

Notwithstanding any other provision of law, a district may do any of the following by resolution adopted by a majority of the district board:

(a) (1) Enter into a line of credit with a commercial lender that is secured, in whole or in part, by the accounts receivable or other intangible assets of the district, including anticipated tax revenues, and thereafter borrow funds against the line of credit to be used for any district purpose.

(2) Any money borrowed under this line of credit pursuant to paragraph (1) shall be repaid within five years from each separate borrowing or draw upon the line of credit.

(3) The district may enter into a new and separate line of credit to repay a previous line of credit pursuant to paragraph (1), provided that the district complies with this section in entering into a new line of credit.

(4) Enter into a line of credit with a commercial lender for the sole purpose of consolidating debt incurred by the district prior to January 1, 2010. Debt incurred under this paragraph shall be repaid within 20 years of the consolidation borrowing. The total amount of debt that a district may have outstanding at any one time under this paragraph shall not exceed the amount of two million dollars (\$2,000,000).

(b) Enter into capital leases for the purchase by the district of equipment to be used for any district purpose.

(1) The term of any capital lease shall not be longer than 10 years.

(2) The district may secure the purchase of equipment by a capital lease by giving the lender a security interest in the equipment leased under the capital lease.

(c) Enter into lease-purchase agreements for the purchase by the district of real property, buildings, and facilities to be used for any district purpose. The term of any lease-purchase agreement shall not exceed 10 years.

(d) Nothing in this section shall provide the district with the authority to increase taxes in order to repay a line of credit established pursuant to subdivision (a) unless the tax is passed pursuant to Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

HSC § 32131:

The board of directors may maintain membership in any local, state or national group or association organized and operated for the promotion of the public health and welfare or the advancement of the efficiency of hospital administration, and in connection therewith pay dues and fees thereto.

HSC § 32132.9.

(a) Notwithstanding Section 32132 or any other law, upon approval by the board of directors of the Beach Cities Health District, the design-build process described in Chapter 4 (commencing with Section 22160) of Part 3 of Division 2 of the Public Contract Code may be used to assign contracts for the construction of facilities or other buildings in that district.

(b) For purposes of this section, all references in Chapter 4 (commencing with Section 22160) of Part 3 of Division 2 of the Public Contract Code to “local agency” shall mean the Beach Cities Health District and its board of directors.

(c) To the extent that any project utilizing the design-build process authorized by subdivision (a) is otherwise required to comply with the standards and requirements of the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 (Chapter 1 (commencing with Section 129675) of Part 7 of Division 107), this section shall not be construed as an exemption from that act.

(d) This section shall remain in effect only until January 1, 2023, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2023, deletes or extends that date.

At LAFCO’s request, BCHD representatives provided a chart (“Beach Cities Health District Services”) which documented those powers it believes it has exercised or is currently exercising. Other than more “general” district powers (i.e., to have a corporate seal, or to hire legal counsel), which are common to nearly all special districts, the documents provided examples of BCHD programs and services for the associated active services. Staff found the examples provided to be consistent with those services described in HRC § 32121, with the following modifications:

(l) To acquire, maintain, and operate ambulances or ambulance services within and without the district.

Under existing agreements, the district provides non-medicinal supplies (bandages, masks, gloves) to the ambulances operated and maintained by the fire departments in the three cities (Hermosa Beach, Manhattan Beach, and Redondo Beach). These services provided by the District, however, do not constitute the operation of ambulance or ambulance services; this activity is functionally equivalent to the District’s other grant programs, which provide funding to

various government agencies and non-profit organizations (the distinction is that these are *in-kind* contributions as opposed to *financial* contributions).

The PACE (Program for the All-Inclusive Care for the Elderly) program is a program which the District proposes to operate in the future. Members of the public contacted LAFCO relative to PACE, stating that PACE would constitute a “new service,” one which would require an application to, and approval, by the Commission. A review of the separate components of the PACE program, however, indicates that all of these components are already offered by the BCHD in existing programs, as documented in information provided to LAFCO, and as further reflected on BCHD’s website and in BCHD publications. For example, the District already provides on-site housing for senior citizens; both directly, as a partner in the Sunrise Assisted Living residences; and indirectly, through a tenant on the main campus which provides Alzheimer residential care. Further, the District employs a team of counselors who assist senior citizens to age in place; these counselors ensure that seniors within the district get access to medical care, nutritionists, and other assistance, both in terms of making contacts with providers, scheduling appointments, and arranging transportation.

With respect to eminent domain authority (HSC § 32121(d)), staff notes that the District was originally formed having eminent domain authority, which it utilized to acquire the property needed for the original hospital building. Eminent domain authority, therefore, was essential to the district’s formation; the district used it to acquire land on which to construct a hospital; and this occurred in the mid-1950s, which is eight (8) years prior to the State of California establishing a LAFCO in each county. Further, the sections in the Act involving new or different functions or classes of services were originally incorporated into the Act in 2001, and amended as recently as 2011. Given the foregoing, it is certain that eminent domain authority rests with the district.

The BCHD is not authorized to provide any and all other powers not specifically identified above, and which are those municipal services which the district is not already providing, or has not provided in the past; prior to recent changes in the Act, these existing functions or classes of services were known as “latent powers.” The BCHD is prohibited from exercising such new or different functions or classes of municipal services without the advance, written approval of the Commission pursuant to Government Code Sections 56824.10 through 56824.14, inclusive, and as addressed elsewhere in the Act.

As noted previously, HSC § 32121(j) states that a health care district has the following authority:

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities **at any location within or without the district** for the benefit of the district and the people served by the district [emphasis added].

While this section states that a health care district may provide services outside its jurisdictional boundary, a health care district may not do unless and until it first secures the approval of the Commission (LAFCO), pursuant to Government Code § 56133.

## Municipal Service Review Determinations

Government Code Section 56430 requires LAFCO to “conduct a service review of the municipal services” and to “prepare a written statement of its determinations” relative to several factors below. This chapter addresses these factors and includes the recommended determinations.

### 1. Growth and Population Projections

Based upon 2020 Census data, the current population within the BCHD’s jurisdictional boundary is 126,858.<sup>24</sup>

According to the Southern California Association of Governments (SCAG), the projected population of this area is 129,719. This equals a very modest growth rate of 2.26% for the 2020-2035 period.<sup>25</sup> The increase in population in BCHD’s service territory is not expected to have a significant effect on the district’s ability to provide health and wellness services to its customers.

#### **Determinations:**

- The population within the boundaries of the BCHD is expected to grow at a very modest rate of 2.26% between now and 2035.
- The growth projected in the BCHD’s service territory is not expected to have a significant effect on the district’s ability to provide health and wellness services to its customers.

### 2. Location and Characteristics of Disadvantaged Unincorporated Communities

Pursuant to the State’s passage of Senate Bill 244, and as of January 1, 2012, LAFCOs are required to make determinations regarding Disadvantaged Unincorporated Communities (DUCs) for an Update of a Sphere of Influence. The law defines a DUC as a community with an annual median household income that is less than eighty percent (80%) of the statewide annual median household income. The law also requires that LAFCOs consider “the location and characteristics of any disadvantaged communities within or contiguous to the sphere of influence” when preparing an MSR.

The intent of SB 244 is to protect against the potential for cities and special districts to engage in a pattern of “selective” annexations which may lead to the establishment “service islands” in which disadvantaged residents receive inferior structural fire protection, municipal water, and sanitary sewage disposal and treatment services compared to adjoining areas within a city or district’s boundary. The BCHD’s focus on health and wellness programs is unrelated to these more traditional municipal services (fire, water, sanitation). There are no DUCs within or adjacent to the jurisdictional boundary of the BCHD (see Exhibit 6 on Page 44).<sup>26</sup>

#### **Determinations:**

- The core services provided by the BCHD do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.

- There are no DUCs within or adjacent to the BCHD jurisdictional boundary.

## Exhibit 6

### Disadvantaged Unincorporated Communities (DUCs) South Bay



3. *Present and Planned Capacity of Public Facilities; Adequacy of Public Services; Infrastructure Needs or Deficiencies*

As District representatives publicly concede, the BCHD is at a turning point. The costs of maintenance, upkeep, and improvements on the existing former hospital building are escalating significantly every year. Based upon reports from qualified engineers, BCHD representatives have stated publicly that the former hospital building is in need of a costly seismic upgrade. The District is, therefore, faced with a choice: one, expend significant additional resources to improve the existing building, the costs of which, according to BCHD representatives, are prohibitive; two, demolish the former hospital building—the effect of which, according to BCHD representatives, would be a reduction in services, due to the loss of existing revenues; or three, demolish and replace the existing hospital building with a set of uses different than what is proposed in the current Healthy Living Campus proposal. Based upon the recommendations of its staff and outside consultants, the BCHD Board of Directors has decided to move forward with the second option, in the form of the proposed Healthy Living Campus described previously.

In this regard, it is fair to conclude that the present capacity of the existing public facilities on the main campus *is not* ideal for future utilization of the property. Whether or not the planned facilities will be ideal depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD, or not; in that regard, it is not easy to answer the question, given that the outcome of the project is unknown.

**Determinations:**

- It is clear that the BCHD Board of Directors must either expend significant additional resources to improve the existing hospital building, or to demolish and replace it.
- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- Should the Healthy Living Campus not move forward, and relative to the former hospital building, the BCHD's other options would be an "improvement" option (which district representatives assert is cost-prohibitive), or the "demolish and replace" option, which would involve demolishing the building and replacing it with some as yet undefined use or uses.
- The adequacy of public services in the future depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD; or whether the BCHD reverts to the "improvement" or "demolish and replace" option.

4. *Financial Ability of Agency to Provide Services*

Exhibit 7 on Page 46 excerpts noteworthy details of the BCHD's budgets for the last four (4) fiscal years (FY 2018-19, 2019-20, 2020-21, and 2021-22). These excerpts considered total revenue; total expenses; significant revenue sources, of which there are four (4) primary sources (property taxes, lease revenue, limited partnership revenue, and user fees revenue); and significant expenses, which consists of payroll expenses (on the "expense" side of the

budgets, all other expense categories pale in comparison to payroll expenses). These excerpts indicate:

- Total revenues have met or exceeded total expenses for the last four (4) fiscal years;
- The amount of total revenues has been reasonably constant over these four (4) years;
- Property taxes increased year-to-year, averaging a 6% increase overall;

*(narrative continues on Page 47)*

### **Exhibit 7**

#### **BCHD – Budgetary Highlights**

	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2019-20</u>	<u>Fiscal Year</u> <u>2020-21</u>	<u>Fiscal Year</u> <u>2021-22</u>
Total Revenues:	14,320,000	14,917,000	14,597,000	13,533,947
Total Expenses:	13,514,000	13,999,305	14,264,000	13,533,947
Significant Revenue Sources:				
Property Taxes	3,760,620	3,931,000	4,180,000	4,499,541
Percentage change (year-to-year)		5%	6%	8%
Lease Revenue	4,463,171	3,822,000	4,759,000	3,838,806
Percentage change (year-to-year)		-14%	25%	-19%
Limited Partnership Revenue	2,161,680	2,162,000	2,082,000	1,898,874
Percentage change (year-to-year)		0%	-4%	-9%
User Fees Revenue	2,880,985	2,994,000	2,994,000	1,331,778
Percentage change (year-to-year)		4%	0%	-56%
Significant Expenses:				
Payroll	6,400,076	6,856,096	4,948,479	6,837,703
Percentage change (year-to-year)		7%	-28%	38%

- Lease revenues have fluctuated significantly year-to-year;
- Limited partnership revenues have decreased significantly in the two most recent fiscal years;
- User fee revenue is down significantly in the most recent fiscal year, which is very likely due to decreased usership of BCHD facilities due to COVID restrictions; and
- Payroll has been reasonably constant over the four years, with the exception of Fiscal Year 2020-21, when it was significantly less, which is very likely due to decreased payroll costs during the COVID pandemic.<sup>27</sup>

The fact that revenues have exceeded expenses in the last four (4) years is noteworthy, as it avoids the need to borrow funds or utilize reserves. The constancy of revenues over the four (4) year period—which included the COVID pandemic—is also significant. The growth in property taxes is positive, and, more importantly, the district's property tax consultant is projecting a 3%-4% increase in property tax income over the next four (4) years (through Fiscal Year 2025-26).<sup>28</sup>

In its most recent budget (FY 2021-22), District representatives maintain that “three of the four sources of funding are still experiencing major effects from the COVID-19 Pandemic in lost lease income, recovering but still low User Fees, and continued reduced joint venture income from its partnership with Sunrise Assisted Living that also experienced health and operational hardship from the effects of COVID-19.”<sup>29</sup> The decrease in lease revenues is nearly 20% in the most recent fiscal year, reflecting the loss of four (4) tenants; the decrease in limited partnership revenue is 9% in the most recent fiscal year, and the decrease in user fees is more than 50% in the most recent fiscal year. A recent audit identified BCHD's “unique funding model, where generally over 70% of the incoming funds are from other sources than property taxes, like tenant rental income and limited partnerships”<sup>30</sup> Although the reduction in revenue is a cause for concern, they are the result of pandemic-related economic impacts; in this regard, these losses are temporary, and in no way unique to the BCHD. The reduction in payroll expenses in Fiscal Year 2020-21 is not a concern, as it was associated with reduced personnel costs during the COVID-19 pandemic.

BCHD provides a defined benefit pension plan for its employees, administered by CalPERS.

As District representatives have conceded, the BCHD is at a turning point. The cost of maintenance, upkeep, and improvements on the existing former hospital building are escalating significantly every year. The District is faced with a choice: one, expend significant additional resources to improve the existing building; or two, demolish and replace the existing hospital building. Based upon the recommendations of staff and outside consultants, the BCHD Board of Directors has decided to move forward with the second option, in the form of the proposed Healthy Living Campus described previously. This decision also increases the district's current costs, in the form of expenses associated with the proposed Healthy Living Campus: “[b]ased on the FY21-22 budget, the District Fund balance is projected to decrease by \$8 million due to its continued investment in long-term real property and development of the Healthy Living Campus.”<sup>31</sup>



The decision to move forward with the Health Living Campus proposal is not without its critics, evidenced by the substantial public input on the matter provided to LAFCO. It is important to note, however, that the land-use issues—environmental impacts, General Plan and zoning requirements, neighborhood compatibility, and related matters—are entirely within the jurisdiction of the City of Redondo Beach, which has land-use authority over the BCHD campus. These matters are not within LAFCO’s jurisdiction, as LAFCO is statutorily prohibited, by Government Code §56886, from intervening in land-use matters (“none of the following terms and conditions [associated with a LAFCO determination] shall directly regulate land use, property development or subdivision requirements).”

What is within LAFCO’s jurisdiction is ascertaining whether the BCHD has the financial ability to provide services in the future. The answer depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD, or not; in that regard, it is not easy to answer the question, given that the outcome of the project is unknown. The record does indicate, however, that the BCHD Board and staff have given due consideration to both options (improving the existing hospital building or demolishing it and redeveloping the property); and, further, based upon that assessment, the Board has decided to move forward with the Healthy Living Campus project. Further, should the Healthy Living Campus not move forward, the BCHD would very likely be compelled to the “improvement” option or the “demolish and replace” option.

#### **Determinations:**

- The BCHD has maintained a relatively constant revenue stream over the last few years, despite some reductions associated with impacts of COVID-19 restrictions.
- Several of the District’s primary funding sources experienced declines due to effects from the COVID-19 Pandemic.
- The District’s property tax revenues has grown at a steady pace in recent years, and it is expected to continue to do so in the next few years.
- It is clear that the BCHD Board of Directors must either expend significant additional resources to improve the existing hospital building, or to demolish and replace it.
- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- Should the Healthy Living Campus not move forward, the BCHD would very likely be compelled to revert to the “improvement” option.
- The BCHD’s financial ability to provide services in the future depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD; or whether the BCHD reverts to the “improvement” or “demolish and replace” option.

5. Status of, and Opportunities for, Shared Facilities

The BCHD enjoys numerous partnerships, joint ventures, and shared facilities with other public agencies and non-profit organizations, as documented in Appendix A, on the district's website, and in its publications. The number of separate entities with which the BCHD partners is significant. While some of these are long-term in nature, many others are more short-term, depending on evolving circumstances (cooperative ventures arose recently, for example, because of the COVID-19 pandemic). In that regard—and while the district should remain open to future opportunities for shared facilities—it is difficult to identify and anticipate what those opportunities might be.

**Determination:**

- There are many opportunities for future shared facilities, to which the district should remain open and accommodating.

6. Accountability for Community Service Needs

The BCHD is governed by a five-member board of directors, elected on an at-large basis. The BCHD Board of Directors meets monthly on the last Wednesday of the month at 6:30 p.m. Board and committee meeting agendas are available on the BCHD website ([www.bchd.org](http://www.bchd.org)).

There are three (3) laws which require public agencies to post specific information to their website:

- Senate Bill 929 (2018) requires all independent special districts in California to create and maintain a website, which shall include specified information about the district, January of 2020;
- Senate Bill 272 (2015) requires that public agencies create a catalog of their enterprise systems (any software application or computer system that collects, stores, exchanges, and analyzes information that the agency uses), and post the catalog to the homepage of the agency's website; and
- AB 1728 (2018) requires health care districts to maintain a website which includes contact information, a list of board-members, meeting information, the adopted budget, the latest audit and annual financial reports, recipients of grant funding, the district's grant funding policies, and a copy of LAFCO's most recent MSR of the district (or a link to the MSR on LAFCO's website).

The District maintains a website which generally conforms to these requirements. Tests of the "search" function of the District's agendas indicates that searches produce agenda documents as far back as 2017 (five years). The only exception is that there is no link to the most recent LAFCO MSR (see "Determinations," below).

It is worth noting that the website contains an exhaustive amount of information: annual audits (since 2007-08), adopted annual budgets (since 2009-10), grants (since 2016-17); executive compensation; ethics certificates (AB 1234 compliance) for board-members; adopted financial policies; and a board agenda section which includes all agendas, agenda packets, minutes,

and, for more recent meetings, videos of board meeting. The sheer volume of information provided is noteworthy within the context of information available amongst all special district websites. The district's website includes the last several months of newsletters, and it is updated regularly.

Over the course of time when LAFCO was preparing this MSR, and in response to inquiries from LAFCO, BCHD representatives addressed deficiencies on its website. This included adding a section to the district's homepage to address the requirements of SB 272 and adding the "search" function to its Board agendas. The district also added a "Transparency" section under the "Who We Are" section of its website (see "Determinations," below).

The District's Board of Directors adopted a Purchasing Policy on February 27, 2019. Components of this policy include:

- Services of \$10,000 or less annually must follow the District's purchasing procedures;
- Services totaling between \$10,001 and \$25,000 must be negotiated and documented in a quote, proposal, agreement, or contract; must be submitted to the district's Finance Department; and require approval by the Chief Executive Officer.
- Services in excess of \$25,000 are subject to bidding requirements; must be negotiated and documented in a contract; in compliance with all requirements of California Health and Safety Code § 32312(a);
- Staff cannot award a contract for services greater than \$50,000 unless and until it obtains approval from the BCHD Board of Directors; and
- All bids must be posted to a local newspaper's website and/or published for two consecutive weeks in a local newspaper.<sup>32</sup>

In addition to posting/announcing solicitations/bids/Requests for Proposals/Requests for Qualifications in a local newspaper, the district should also post same to its website (see "Determinations," below).

The BCHD also distributes bi-monthly newsletters on health-related topics to the public.

The California Special District Association (CSDA) is a non-profit organization providing professional development, education, and advocacy on behalf of special districts. One of CSDA's program is its Transparency Certificate of Excellence, which the CSDA awards to special districts which have documented implementation of a number of measures which promote transparency. CSDA awarded the Transparency Certificate of Excellence to the BCHD in 2018, and renewed its certification in 2021.<sup>33</sup> Amongst other things, the certificate documents that the BCHD has met the following requirements:

- Board-Members have fulfilled requirements to receive annual ethics training;
- The district discloses all monetary reimbursements to Board-Member;
- BCHD performs audits on an annual basis;

- The District has adopted a policy to ensure compliance with the Ralph M. Brown Act;
- BCHD has adopted a policy to ensure compliance with the Public Records Act;
- The District has adopted a policy concerning financial reserves;
- BCHD has filed its Special Districts Financial Transactions Report (including compensation disclosure) with the State Controller's Office in a timely manner;
- The District's website includes all CSDA transparency requirements (i.e., description of election procedures, recent audits and budgets, SB 272 compliance, description of service area, etc.); and
- BCHD provides community outreach in at least two required manners, as specified by CSDA.

The CSDA Transparency Certificate of Excellence is valid for a period of three (3) years from the date of issuance.

A few members of the public emailed LAFCO stating their belief that the BCHD was not being responsive to requests for public information, as required by the Ralph M. Brown Act § 54950 *et seq.* On July 18, 2022, BCHD representatives provide LAFCO with a record of all public record requests since July of 2017, documenting the following:

- Members of the public submitted 1,412 total requests;
- The BCHD has replied to 1,328 requests;
- Thirty (30) requests were withdrawn; and
- Fifty-four (54) requests, in twenty (20) separate emails, remain in an "open" status, indicating that BCHD representatives are working to address the requests.

The statistics provided by BCHD reflect diligent and concerted effort by BCHD representatives to reply to all public records requests.

Some members of the public nevertheless continue to email LAFCO, stating that the BCHD is not fully complying with all requests. Given the back-and-forth amongst these stakeholders and the BCHD, it is difficult, if not impossible, for LAFCO to ascertain the accuracy of the statements by all parties. The allegations about the district's responsiveness to public records requests do not change an overall conclusion that the BCHD operates in a transparent manner.

**Determinations:**

- The BCHD operates in a transparent manner, and it is reasonably in compliance with applicable State law relative to the posting of meeting agendas and website requirements.

- The BCHD website contains an exhaustive amount of information, and substantially more than the average special district website.
- The BCHD Board of Directors should amend its Purchasing Policy to require that all solicitations/bids/Requests for Proposals/Requests for Qualifications for services in excess of \$25,000 should be posted to the district's website for at least two weeks prior to the deadline to submit bids/proposals (in addition to existing requirements to advertise in a local newspaper).
- Once adopted by the Commission and posted to LAFCO's website, the BCHD should update its website to include a copy of the MSR or a link to the MSR on LAFCO's website, as required by SB 272.
- The District should relocate the "Transparency" portion of the "Who We Are" section of its website to a prominent location on the homepage of its website.

7. Other Matters

The BCHD has been recognized by the following outside organizations:

- Association of California Healthcare Districts (ACHD) for Trustee of the Year (Vanessa Poster) in 2018, CEO of the Year (Tom Bakaly) in 2019, and District of the Year in 2021
- California Society of Municipal Finance Officers (CSMFO) 2021 Excellence Award for its Fiscal Year 2020-21 Operating Budget.
- California Special District Association "District of the Year" in 2021 for its emergency response providing COVID-19 testing and vaccinations, as well as providing timely COVID-19 information to the public.
- Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2020 (and for the second consecutive year).
- GFOA 2021 Distinguished Budget Presentation Award with a Special Performance Measures Recognition.<sup>34</sup>

The BCHD also maintains membership, and actively participates in, the California Special Districts Association (CSDA) and the Association of California Health Care Districts (ACHCD). A member of the BCHD Board of Directors serves on ACHCD's Board of Directors.

**Determinations:**

(No additional determinations)

## Sphere of Influence Update

In reviewing and updating the Beach Cities Health District Sphere of Influence, LAFCO is required to adopt written determinations relative to several factors specified in Government Code § 56425:

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

**Determinations:**

- The jurisdictional boundary of the BCHD includes the cities of Hermosa Beach, Manhattan Beach, and Redondo Beach.
- These three (3) cities are fully developed with a variety of uses: single- developed single-family residential, multiple-family residential, commercial, retail, and industrial space; public parks, beaches, recreation areas, and active open space; and several public beaches portions of the Angeles National Forest; the most northeasterly portion of the district is bisected by the San Diego (405) Freeway, and Pacific Coast Highway traverses the district's westerly perimeter in a north-south direction.
- There are not agricultural lands in the area.
- Given that the three (3) cities are densely developed and built out, the area is not expected to see substantial growth.

2. Present and probable need for public facilities and services in the area

**Determinations:**

- The region served by the BCHD will continue to require public facilities and services indefinitely, including the services provided by the BCHD.

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

**Determinations:**

- It is clear that the BCHD Board of Directors must either expend significant additional resources to improve the existing hospital building, or to demolish and replace it.
- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- Should the Healthy Living Campus not move forward, and relative to the former hospital building, the BCHD's other options would be the "improvement" option or the "demolish" option, as discussed herein.
- The BCHD's financial ability to provide services in the future depends, almost entirely,

on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD; or whether the BCHD reverts to the “improvement” or “demolish and replace” option.

4. Existence of any social or economic communities of interest in the area.

**Determinations:**

- There are multiple social and economic communities of interest in the area served by the BCHD.
- The BCHD provides its services in all portions of its district, regardless of whether the involved territory lies within, adjacent to, or outside of, a social and economic community of interest.

5. For cities or special districts that provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of Influence.

**Determinations:**

- There are no DUCs within the boundaries of the BCHD's jurisdictional boundary.
- The core services provided by the BCHD do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.

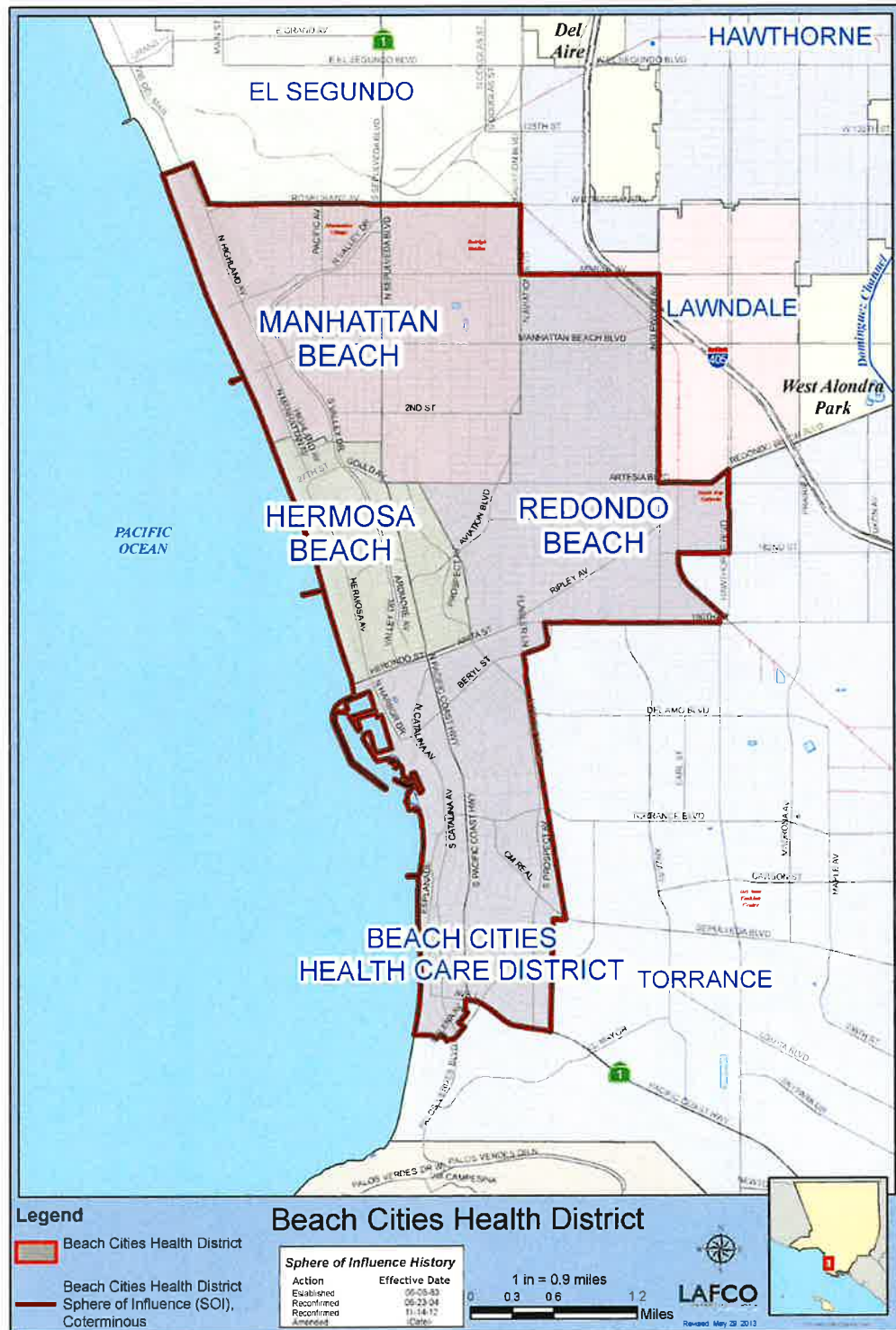
Beach Cities Health District SOI Recommendation:

The existing SOI for the BCHD is a “Larger Than SOI,” which is one in which the SOI includes territory which is outside the jurisdictional boundary of the involved agency. Staff recommends that the Commission amend the SOI for the BCHD to remove those areas within the SOI boundary that extend beyond the BCHD's jurisdictional boundary—generally including the cities of El Segundo, Gardena, Hawthorne, Lawndale, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, and Torrance; and the unincorporated communities of Del Aire, West Alondra Park, Westfield, and others. Adoption of this recommendation would establish a “Coterminous SOI,” which is one in which the jurisdictional boundary and the SOI boundary are the same (as shown in Exhibit 8 on Page 55), and it is based upon the following considerations:

1. Since the adoption of the SOI in 1983, the BCHD has made no effort to expand its jurisdictional boundaries.
2. According to BCHD representatives, the BCHD has no interest in annexing additional territory into its jurisdictional boundary in the foreseeable future.

## Exhibit 8

## Proposed Beach Cities Health District Sphere of Influence





### Footnotes

1. Association of Healthcare Districts Website downloaded March 15, 2022.
2. Special Districts: Improving Oversight & Transparency, Report #239, August 2017. Little Hoover Commission, Pages 42-43.
3. Overview of Health Care Districts; Legislative Analyst's Office; April 11, 2012; Page 1.
4. Municipal Services Review of the Peninsula Health Care District and the Sequoia Healthcare District; Harvey M. Rose Associates, LLC, as presented to San Mateo LAFCO; May 24, 2017; Page 3.
5. Association of California Healthcare Districts Website downloaded March 15, 2022.
6. Special Districts: Improving Oversight & Transparency, Report #239, August 2017, Little Hoover Commission, Page 41; and Association of Healthcare Districts Website, downloaded March 15, 2022.
7. Antelope Valley Medical Center Website, downloaded May 16, 2022.
8. Ibid.
9. State of California Controller Website, downloaded May 16, 2022; and Meeting with AVMC Chief Executive Officer Edward Mirzabegian; June 14, 2022.
10. Meeting with AVMC Chief Executive Officer Edward Mirzabegian; June 14, 2022.
11. Meeting with AVMC Chief Executive Officer Edward Mirzabegian; June 14, 2022; and AVMC Fiscal Year 2022 Budget.
12. United States Department of Commerce, Census Bureau, 2020 Census.
13. Southern California Association of Governments (SCAG), 2020-2035 Population Projections.
14. Meeting with AVMC Chief Executive Officer Edward Mirzabegian; June 14, 2022.
15. E-mail from BCHD Director of Well-Being Services Jacqueline Sun to LAFCO Executive Officer Paul Novak; July 8, 2022.
16. Ibid.
17. BCHD Website, downloaded May 17, 2022.
18. Beach Cities Health District Capital Asset Description; provided to LAFCO by BCHD representatives; May 7, 2021.
19. BCHD Website, downloaded May 17, 2022.

20. BCHD PowerPoint Presentation on the Health Living Campus Project to the Board of Directors; November 17, 2021.
21. City of Redondo Beach Community Development Director Brandy Forbes and Planning Manager Sean Scully, Virtual Meeting, May 17, 2022.
22. BCHD Fiscal Year 2021-22 Budget, Page 236.
23. Beach Cities Health District Employee Roster; provided to LAFCO by BCHD representatives; May 7, 2021.
24. United States Department of Commerce, Census Bureau, 2020 Census.
25. Southern California Association of Governments (SCAG), 2020-2035 Population Projections.
26. Disadvantaged Unincorporated Communities (DUCs), South Bay, downloaded from LAFCO website, May 17, 2022.
27. BCHD Fiscal Year 2018-19 Budget, Fiscal Year 2019-20 Budget, Fiscal Year 2020-21 Budget, and Fiscal Year 2021-22 Budget; and email from BCHD Director of Well-Being Services Jacqueline Sun to LAFCO Executive Officer Paul Novak; August 4, 2022.
28. BCHD Fiscal Year 2021-22 Budget, Page 25.
29. BCHD Fiscal Year 2021-22 Budget, Page 21.
30. DavisFarr, Independent Auditor's Report, Management Discussion & Analysis, Page 4.
31. Ibid, Page 21.
32. BCHD Purchasing Policy, adopted by the BCHD Board on February 27, 2019; Pages 1 through 3.
33. E-mail from BCHD Director of Well-Being Services Jacqueline Sun to LAFCO Executive Officer Paul Novak; August 4, 2022.
34. BCHD Fiscal Year 2021-22 Budget, Pages 9-12.

## **DRAFT**

### **Municipal Service Review (MSR) and Sphere of Influence (SOI) Update**

#### **Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District)**

**September 14, 2022**

This Municipal Service Review was conducted for the two (2) health care districts located in the County of Los Angeles: the Antelope Valley Medical Center (AVMC) and the Beach Cities Health District (BCHD).

The Commission adopted this MSR on **DATE**, 2022

### **Chapter One: LAFCO Background**

#### *Municipal Boundaries*

The State of California possesses the exclusive power to regulate boundary changes. Cities and special districts do not have the authority to change their own boundaries without State approval.

The California Constitution (Article XI, Section 2.a) requires the Legislature to “prescribe [a] uniform procedure for city formation and provide for city powers.” The Legislature also has the authority to create, dissolve, or change the governing jurisdiction of special districts because they receive their powers only through State statutes.

The Legislature has created a “uniform process” for boundary changes for cities and special districts in the Cortese Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 *et seq.* or “Act”). The Act delegates the Legislature’s boundary powers over cities and special districts to Local Agency Formation Commissions (LAFCOs) established in each county in the State. The Act is the primary law that governs LAFCOs and sets forth the powers and duties of LAFCOs.

In addition to the Act, LAFCOs must comply with the following State laws:

- California Revenue and Taxation Code Sections 93 and 99. LAFCO considers the revenue and taxation implications of proposals and initiates the property tax negotiation process amongst agencies affected by the proposal.
- California Environmental Quality Act (CEQA) (California Public Resources Code Section 21000 *et seq.*) and the related CEQA Guidelines (Title 14, California Code of Regulations Section 15000 *et seq.*). Applications before LAFCO are typically considered to be “projects” under CEQA.
- Ralph M. Brown Act (California Government Code Section 54950 *et seq.*). Commonly known as the State’s “open meeting law,” the Brown Act ensures that the public has adequate opportunity to participate in the LAFCO process.

- Political Reform Act (California Government Code Section 81000 *et seq.*). Commissioners, some LAFCO staff, and legal counsel are subject to the Political Reform Act, which requires the filing of annual reports of economic interests.

### What are LAFCO's?

LAFCOs are public agencies with county-wide jurisdiction for the county in which they are located. LAFCOs oversee changes to local government boundaries involving the formation and expansion of cities and special districts.

In creating LAFCOs, the Legislature established four (4) priorities: encourage orderly growth and development, promote the logical formation and determination of local agency boundaries, discourage urban sprawl, and preserve open space and prime agricultural lands.

Created by the State but with local (not State) appointees, each of the 58 counties in the State of California has a LAFCO. Each LAFCO operates independently of other LAFCOs, and each LAFCO has authority within its corresponding county.

While a LAFCO may purchase services from a county (i.e., legal counsel, employee benefits, payroll processing), LAFCO's are not County agencies.

### Local Agency Formation Commission for the County of Los Angeles ("LA LAFCO")

LA LAFCO regulates the boundaries of all eighty-eight (88) incorporated cities within the County of Los Angeles. LAFCO regulates most special district boundaries, including, but not limited to:

- California water districts
- Cemetery districts
- Community service districts ("CSDs")
- County service areas ("CSAs")
- County waterworks districts
- Fire protection districts
- Hospital and health care districts
- Irrigation districts
- Library districts
- Municipal utility districts
- Municipal water districts
- Reclamation districts
- Recreation and parks districts
- Resource conservation districts
- Sanitation districts
- Water replenishment districts

LAFCO does not regulate boundaries for the following public agencies:

- Air pollution control districts
- Bridge, highway, and thoroughfare districts
- Community college districts

- Community facility districts (aka “Mello-Roos” districts)
- Improvement districts
- Mutual water companies
- Private water companies
- Redevelopment agencies
- School districts
- Special assessment districts

LAFCO does not regulate the boundaries of counties.

State law specifically prohibits LAFCOs from imposing terms and conditions which “directly regulate land use, property development, or subdivision requirements.” In considering applications, however, State law requires that LAFCO take into account existing and proposed land uses, as well as General Plan and zoning designations, when rendering its decisions.

The Local Agency Formation Commission for the County of Los Angeles (LA LAFCO, the Commission, or LAFCO) is composed of nine voting members:

- Two (2) members of the Los Angeles County Board of Supervisors (appointed by the Los Angeles County Board of Supervisors);
- One (1) member of the Los Angeles City Council (appointed by the Los Angeles City Council President);
- Two (2) members of city councils who represent the other 87 cities in the county other than the City of Los Angeles (elected by the City Selection Committee);
- Two (2) members who represent independent special districts (elected by the Independent Special Districts Selection Committee);
- One (1) member who represents the San Fernando Valley (appointed by the Los Angeles County Board of Supervisors); and
- One (1) member who represents the general public (elected by the other 8 members).

LAFCO also has six (6) alternate members, one (1) for each of the six (6) categories above.

The Commission holds its “regular meetings” at 9:00 a.m. on the second Wednesday of each month. The Commission periodically schedules “special meetings” on a date other than the second Wednesday of the month. Commission meetings are held in Room 381B of the Kenneth Hahn Hall of Administration, located at 500 West Temple Street in downtown Los Angeles, unless the meeting is scheduled as a virtual meeting consistent with applicable law. Public notice, including the Commission agenda, is posted at the Commission meeting room and on LAFCO’s website ([www.lafco.org](http://www.lafco.org)).

The Commission appoints an Executive Officer and Deputy Executive Officer. A small staff reports to the Executive Officer and Deputy Executive Officer.

LAFCO's office is located at 80 South Lake (Suite 870) in the City of Pasadena. The office is open to the public Monday through Thursday from 9:00 a.m. to 5:00 p.m. The office is closed on Fridays.

#### What are LAFCO's responsibilities?

LAFCO oversees changes to local government boundaries involving the formation and expansion of cities and special districts. This includes annexations and detachments of territory to and/or from cities and special districts; incorporations of new cities; formations of new special districts; consolidations of cities or special districts; mergers of special districts with cities; and dissolutions of existing special districts. LAFCO also approves or disapproves proposals from cities and special districts to provide municipal services outside their jurisdictional boundaries.

An important tool used in implementing the Act is the adoption of a Sphere of Influence (SOI) for a jurisdiction. An SOI is defined by Government Code Section 56425 as "...a plan for the probable physical boundary and service area of a local agency." An SOI represents an area adjacent to a city or special district where a jurisdiction might be reasonably expected to provide services over the next twenty (20) years. The SOI is generally the territory within which a city or special district is expected to annex.

LAFCO determines an initial SOI for each city and special district in the County. The Commission is also empowered to amend and update SOIs.

All jurisdictional changes, such as incorporations, annexations, and detachments, must be consistent with the affected agency's Sphere of Influence, with limited exceptions.

#### Municipal Service Reviews

State law also mandates that LAFCO prepares Municipal Service Reviews (MSRs). An MSR is a comprehensive analysis of the municipal services, including an evaluation of existing and future service conditions, provided in a particular region, city, or special district. Related to the preparation of MSRs, and pursuant to State Law, LAFCOs must review and update SOIs "every five years, as necessary." The Commission adopted MSRs for all cities and special districts in the County prior to the January 1, 2008 deadline (Round One).

In preparing MSRs, LAFCOs are required to make seven (7) determinations pursuant to section Government Code § 56430:

- Growth and population projections for the affected area;
- The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to a city or district's SOI;
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies;
- Financial ability of agencies to provide services;
- Status of, and opportunities for, shared facilities;

- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other matter related to effective or efficient service delivery.

## **Chapter Two: Health Care Districts** (Health and Safety Code § 32000 *et seq*)

Health Care Districts (HCDs, and formerly known as hospital districts) are independent special districts, managed by an elected board of directors, which provide healthcare services within a specified geographic area. According to the Association of California Healthcare Districts (ACHD), there are seventy-seven (77) HCDs in California.<sup>1</sup>

Each type of special district is governed by a “principal act” in State law. The principal act governing health care districts is the Local Health Care District Law (Health and Safety Code § 32000 *et seq*), which was enacted in 1945. In a 2017 Report, the Little Hoover Commission provided a synopsis of the evolution of these districts:

Californians began to form hospital districts in the 1940s when the Legislature passed the Local Health Care District Law to deal with a shortage of hospital beds and medical care in a growing state. By the late 1970s and into the 1980s, however, these and other smaller hospitals struggled as public and private insurers increasingly implemented cost-saving strategies. Since then, a growing emphasis on wellness and preventive care accelerated by the passage of the Affordable Care Act in 2010 continues to drive a trend of less hospitalization. A 2006 Healthcare Foundation study noted that districts increasingly offer substance abuse and mental health programs, outpatient services, and free clinics. They also run senior programs that include transportation to wellness and outpatient care. Another key development in the evolution of health care districts without hospitals is their role as grant-makers to community organizations.<sup>2</sup>

The Legislature recognized the evolution of these districts with the adoption of SB 1169 (Maddy) in 1994. SB 1169 “renamed hospital health care districts, reflecting that health care was increasingly being provided outside of the hospital setting.”<sup>3</sup> The Legislature “also established seismic standards for hospitals requiring compliance by 2030, and in some cases, the replacement of existing hospitals.”<sup>4</sup>

The typical governing body of an HCD is a board of directors of five (5) members; under specified conditions, the board may be increased to seven (7), nine (9), or eleven (11) members. The geographic boundary of an HCD may include contiguous or noncontiguous territory, as well as territory within a city or within County unincorporated territory. Territory of a city may not be divided by an HCD boundary. These same requirements apply for any territory which is proposed to be annexed into an existing HCD.

California Health & Safety Code (HSC) § 32121, identifies a range of services which an HCD may provide. Some HCDs in California operate hospitals and community-based medical clinics; other HCDs focus on wellness and prevention programs. According to ACHD, HCDs provide services such as the following:

- Hospital care
- Emergency room and trauma care
- Ambulance services
- Laboratory and radiology services
- Outpatient surgery
- Maternal and childhood services
- Skilled nursing facilities
- Rural health clinics
- Mental health and substance abuse services
- Medical transportation
- Adult day care and senior services
- School-based health services
- Hospice care
- Nutrition education<sup>5</sup>

According to the 2017 Little Hoover Commission Report, thirty-seven (37) health care districts operate a total of thirty-nine (39) hospitals.<sup>6</sup>

The two (2) health care districts located in the County of Los Angeles are the Antelope Valley Medical Center (AVMC), which operates a traditional hospital in the City of Lancaster, serving that city, the City of Palmdale, and the surrounding unincorporated communities; and the Beach Cities Health District (BCHD), which provides health and wellness programs focused on preventative health in the Cities of Hermosa Beach, Manhattan Beach, and Redondo Beach; the BCHD formerly operated a hospital, which closed in 1998.

### **Chapter Three: Antelope Valley Medical Center**

#### **Background:**

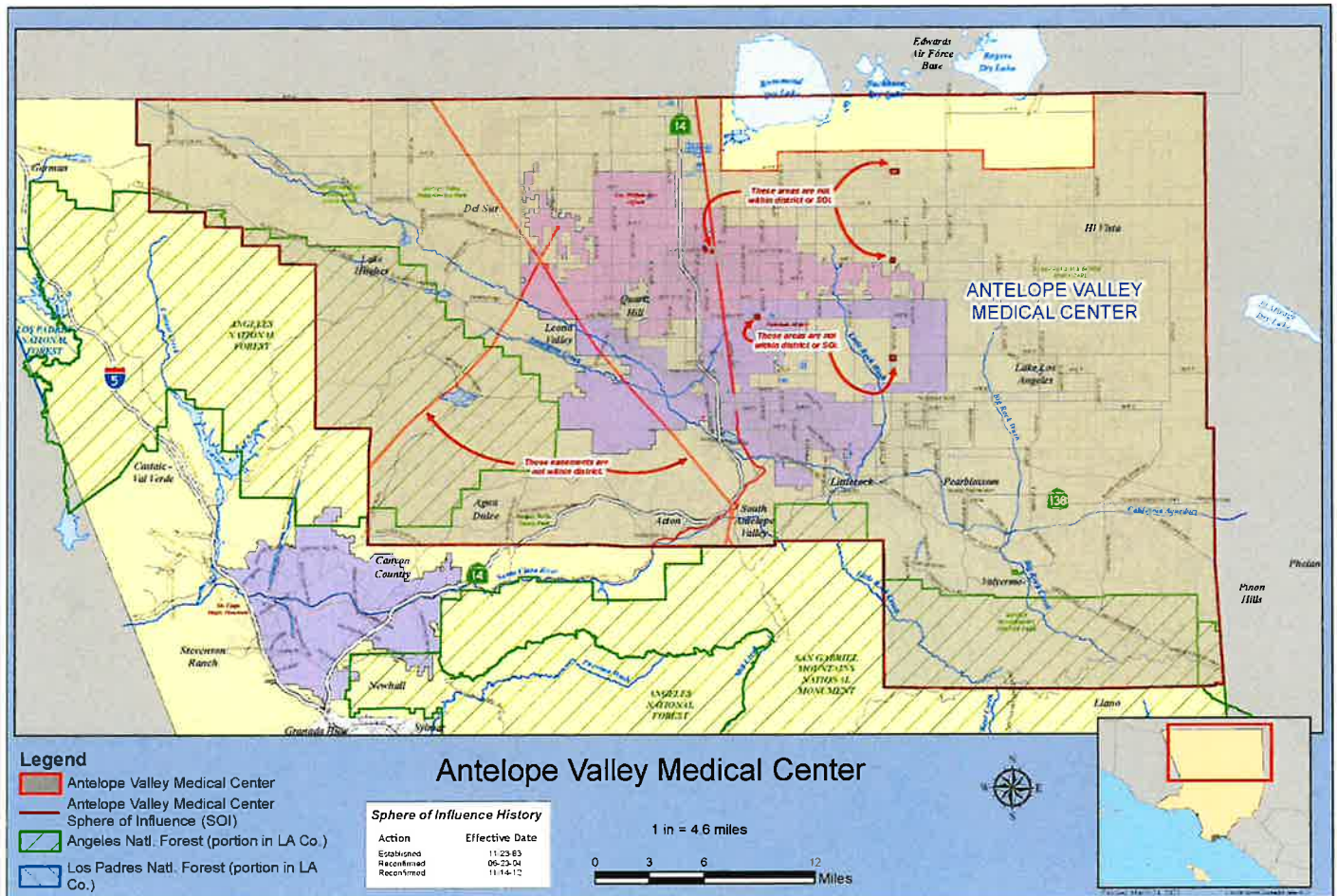
The Antelope Valley Medical Center (AVMC or District) is an independent special district, with facilities in the Cities of Lancaster and Palmdale, and serving the greater Antelope Valley. The AVMC opened the Antelope Valley Hospital with eighty-six (86) beds in 1955. Originally established as the Antelope Valley Health Care District, the District's board of directors voted to change its name in 1972 to the Antelope Valley Medical Center (AVMC).<sup>7</sup>

The AVMC is governed by a five-member elected board of directors. The AVMC Board of Directors meets on the last Wednesday of the month at 6:30 p.m. Meeting agendas are available on the AVMC website ([www.avmc.org](http://www.avmc.org)).

The jurisdictional boundary of the AVMC includes the City of Lancaster and the City of Palmdale, as well as unincorporated communities in the Antelope Valley (Acton, Juniper Hills, Lake Hughes, Lake Los Angeles, Leona Valley, Quartz Hill, and Pearblossom). To the south, the District includes unincorporated Agua Dulce, as well as portions of the Angeles National Forest and the Devil's Punchbowl County Park; to the east, the AVMC boundary includes all of Antelope Valley to the San Bernardino County line; to the north, the boundary includes most of Antelope Valley (excluding Edwards Air Force Base (EAFB) and unincorporated Gorman) to the Kern County line; and on the west, the boundary includes portions of the Angeles National Forest. Exhibit 1 on Page 7 shows the jurisdictional and SOI boundary of the AVMC.



# **Exhibit 1** **Antelope Valley Medical Center** **Existing Jurisdictional and SOI Boundary**



The District operates the Antelope Valley Medical Center, a full-service hospital, which includes an emergency room, an intensive care unit, a critical care unit, a range of medical specialties, and an on-site laboratory and pharmacy. The AVMC opened the first Level II Trauma Center in the Antelope Valley in 2010. The AVMC adopted a Master Facility Plan in 2012, resulting in the development of a cancer center, a certified primary stroke center, a heart and vascular care center, and a 172-seat auditorium. Other services offered by the AVMC include home health services, mental health services, palliative care, and physical and occupational therapy. The hospital, as well as most AVMC programs and facilities, are located in a large complex in multiple buildings at 1600 West Avenue J in the City of Lancaster. The AVMC also operates two (2) off-site outpatient imaging centers; and the Antelope Valley Medical Center for Women, Infants, & Children (WIC); all of which are located in the City of Palmdale.<sup>8</sup>

The main hospital building—constructed in 1955, and now in its seventh decade of operation—is outdated and in need of significant repairs. According to AVMC staff, and due to limitations

imposed by the aging facility, certain portions of the hospital are not used; the main hospital is licensed for 420 beds, but is only operating at 250 beds. The emergency room, designed for 28,000 patients per year, now sees in excess of 140,000 patients per year.<sup>10</sup>

The District employs more than 2,600 individuals, and its annual payroll is in excess of \$230 million.<sup>11</sup>

According to the State Controller's Office, and as confirmed by an AVMC representative, the AVMC does not receive a portion of the one percent (1%) *ad valorem* share of property taxes, nor does the district receive any voter-approved taxes and assessments.<sup>9</sup>

#### Functions or Classes of Services

The existing "functions or classes of services" are those municipal services that are already being provided by a special district within its boundaries; prior to recent changes in the Act, these existing functions or classes of services were known as "active powers." New or different functions or classes of services are those powers authorized by the principal act under which the district was formed, but not currently exercised by a special district; prior to recent changes in the Act, these existing functions or classes of services were known as "latent powers." State law directs LAFCOs to determine each special district's active powers, and to maintain a record of those active powers. Because LAFCO did not identify active powers for the AVMC when LAFCO added special district representatives, nor when LAFCO adopted prior MSRs, this MSR will determine those active powers which the AVMC is currently providing. All other services are considered to be latent powers; LAFCO approval (pursuant to Government Code Section 56824.10) would be required before the district could provide any new or different functions or classes of services.

By adopting this MSR, the Commission (LAFCO) hereby authorizes the AVMC to provide the following functions or classes of services:

#### HSC § 32121:

- (a) To have and use a corporate seal and alter it at its pleasure.
- (b) To sue and be sued in all courts and places and in all actions and proceedings whatever.
- (c) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the district.
- (d) To exercise the right of eminent domain for the purpose of acquiring real or personal property of every kind necessary to the exercise of any of the powers of the district.
- (e) To establish one or more trusts for the benefit of the district, to administer any trust declared or created for the benefit of the district, to designate one or more trustees for trusts created by the district, to receive by gift, devise, or bequest, and hold in trust or otherwise, property, including corporate securities of all kinds, situated in this state or

elsewhere, and where not otherwise provided, dispose of the same for the benefit of the district.

(f) To employ legal counsel to advise the board of directors in all matters pertaining to the business of the district, to perform the functions in respect to the legal affairs of the district as the board may direct, and to call upon the district attorney of the county in which the greater part of the land in the district is situated for legal advice and assistance in all matters concerning the district, except that if that county has a county counsel, the directors may call upon the county counsel for legal advice and assistance.

(g) To employ any officers and employees, including architects and consultants, the board of directors deems necessary to carry on properly the business of the district.

(h) To prescribe the duties and powers of the health care facility administrator, secretary, and other officers and employees of any health care facilities of the district, to establish offices as may be appropriate and to appoint board members or employees to those offices, and to determine the number of, and appoint, all officers and employees and to fix their compensation. The officers and employees shall hold their offices or positions at the pleasure of the boards of directors.

(i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district.

"Health care facilities," as used in this subdivision, means those facilities defined in subdivision (b) of Section 32000.1 and specifically includes freestanding chemical dependency recovery units. "Health facilities," as used in this subdivision, may also include those facilities defined in subdivision (d) of Section 15432 of the Government Code.

(k) To do any and all other acts and things necessary to carry out this division.

(l) To acquire, maintain, and operate ambulances or ambulance services within and without the district.

(m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.

(n) To establish and operate in cooperation with its medical staff a coinsurance plan between the hospital district and the members of its attending medical staff.

(o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.

(p) (1) To transfer, at fair market value, any part of its assets to one or more corporations to operate and maintain the assets. A transfer pursuant to this paragraph shall be deemed to be at fair market value if an independent consultant, with expertise in methods of appraisal and valuation and in accordance with applicable governmental and industry standards for appraisal and valuation, determines that fair and reasonable consideration is to be received by the district for the transferred district assets. Before the district transfers, pursuant to this paragraph, 50 percent or more of the district's assets to one or more corporations, in sum or by increment, the elected board shall, by resolution, submit to the voters of the district a measure proposing the transfer. The measure shall be placed on the ballot of a special election held upon the request of the district or the ballot of the next regularly scheduled election occurring at least 88 days after the resolution of the board. If a majority of the voters voting on the measure vote in its favor, the transfer shall be approved. The campaign disclosure requirements applicable to local measures provided under Chapter 4 (commencing with Section 84100) of Title 9 of the Government Code shall apply to this election.

(2) To transfer, for the benefit of the communities served by the district, in the absence of adequate consideration, any part of the assets of the district, including, without limitation, real property, equipment, and other fixed assets, current assets, and cash, relating to the operation of the district's health care facilities to one or more nonprofit corporations to operate and maintain the assets, subject to the limitations in that section (Subsections (2)(A) through (12), inclusive, which, while omitted herein for purposes of conciseness, are hereby incorporated by reference).

(q) To contract for bond insurance, letters of credit, remarketing services, and other forms of credit enhancement and liquidity support for its bonds, notes, and other indebtedness and to enter into reimbursement agreements, monitoring agreements, remarketing agreements, and similar ancillary contracts in connection therewith.

(r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems and programs properly licensed by the Department of Insurance or the Department of Managed Care, at any location within or without the district for the benefit of residents of communities served by the district. However, that activity shall not be deemed to result in, or constitute, the giving or lending of the district's credit, assets, surpluses, cash, or tangible goods to, or in aid of, any person, association, or corporation in violation of Section 6 of Article XVI of the California Constitution.

Nothing in this section shall be construed to authorize activities that corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Any agreement to provide health care coverage that is a health care service plan, as defined in subdivision (f) of Section 1345, shall be subject to Chapter 2.2 (commencing with Section 1340) of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

A district shall not provide health care coverage for any employee of an employer operating within the communities served by the district, unless the Legislature specifically authorizes, or has authorized in this section or elsewhere, the coverage.

Nothing in this section shall be construed to authorize any district to contribute its facilities to any joint venture that could result in transfer of the facilities from district ownership.

(s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.

HSC § 32121.1:

By resolution, the board of directors of a local hospital district may delegate to its administrator the power to employ (subject to the pleasure of the board of directors), and discharge, such subordinate officers and employees as are necessary for the purpose of carrying on the normal functions of any hospital operated by the district.

HSC § 32121.3:

(a) Notwithstanding any other provision of law, a hospital district, or any affiliated nonprofit corporation upon a finding by the board of directors of the district that it will be in the best interests of the public health of the communities served by the district and in order to obtain a licensed physician and surgeon to practice in the communities served by the district, may do any of the following:

(1) Guarantee to a physician and surgeon a minimum income for a period of no more than three years from the opening of the physician and surgeon's practice.

(2) Guarantee purchases of necessary equipment by the physician and surgeon.

(3) Provide reduced rental rates of office space in any building owned or leased by the district or any of its affiliated entities, or subsidize rental payments for office space in any other buildings, for a term of no more than three years.

(4) Provide other incentives to a physician and surgeon in exchange for consideration and upon terms and conditions the hospital district's board of directors deems reasonable and appropriate.

(b) Any provision in a contract between a physician and surgeon and a hospital district or affiliated nonprofit corporation is void which does any of the following:

(1) Imposes as a condition any requirement that the patients of the physician and surgeon, or a quota of the patients of the physician and surgeon, only be admitted to a specified hospital.

(2) Restricts the physician and surgeon from establishing staff privileges at, referring patients to, or generating business for another entity.

(3) Provides payment or other consideration to the physician and surgeon for the physician and surgeon's referral of patients to the district hospital or an affiliated nonprofit corporation.

(c) Contracts between a physician and surgeon and a hospital district or affiliated nonprofit corporation that provide an inducement for the physician and surgeon to practice in the community served by the district hospital shall contain both of the following:

- (1) A provision which requires the inducement to be repaid with interest if the inducement is repayable.
- (2) A provision which states that no payment or other consideration shall be made for the referral of patients to the district hospital or an affiliated nonprofit corporation.
- (d) To the extent that this section conflicts with Section 650 of the Business and Professions Code, Section 650 of the Business and Professions Code shall supersede this section.
- (e) The Legislature finds that this section is necessary to assist district hospitals to attract qualified physicians and surgeons to practice in the communities served by these hospitals, and that the health and welfare of the residents in these communities require these provisions.

#### HSC § 32121.4:

Notwithstanding any other provision of law, a hospital district or any affiliated nonprofit corporation, upon a finding by the board of directors of the district that it will be in the best interests of the district to provide additional diversification of facilities, may lease and operate the realty, facilities, and business of another hospital district in California, or create a leasehold interest in its own realty, improvements, and business in favor of another hospital district, if all of the following apply:

- (a) That the lease when taken together with any extensions of the lease shall not exceed a total of 30 years.
- (b) That the lessee district shall not finance any capital improvements through the use of the lessor district's credit.
- (c) That the lessor district shall have successfully completed any feasibility studies required by its board of directors as will reasonably ensure that the lessor hospital's financial stability will not be endangered by the lease transaction.
- (d) Nothing in this section shall be construed to impair or limit the authority of the California Medical Assistance Commission to contract for the provision of inpatient hospital services under the Medi-Cal program with local hospital district hospitals as sole distinct entities, even though one or more hospital districts may have entered into leasehold or joint-venture arrangements.

Any lease made pursuant to this section to one or more nonprofit corporations affiliated with a district, that is part of or contingent upon a transfer of 50 percent or more of the district's assets, in sum or by increment, to the affiliated nonprofit corporation shall be subject to the requirements of subdivision (p) of Section 32121.

#### HSC § 32121.5:

- (a) Notwithstanding any other provision of this division, a health care district may enter into a contract of employment with a hospital administrator, including a hospital administrator

who is designated as chief executive officer, the duration of which shall not exceed four years, but which may periodically be renewed for a term of not more than four years.

(b) A contract entered into, or renewed, on or after January 1, 2014, shall not authorize retirement plan benefits to be paid to a hospital administrator, including a hospital administrator who is designated as chief executive officer, prior to his or her retirement.

HSC § 32121.6:

If a health care district enters into a written employment agreement with a hospital administrator, including a hospital administrator who is designated as a chief executive officer, the written employment agreement shall include all material terms and conditions agreed to between the district and the hospital administrator regarding compensation, deferred compensation, retirement benefits, severance or continuing compensation after termination of the agreement, vacation pay and other paid time off for illness or personal reasons, and other employment benefits that differ from those available to other full-time employees.

HSC § 32121.9:

A district that leases or transfers its assets to a corporation pursuant to this division, including, but not limited to, subdivision (p) of Section 32121 or Section 32126, shall act as an advocate for the community to the operating corporation. The district shall annually report to the community on the progress made in meeting the community's health needs.

HSC § 32122:

The board of directors may purchase all necessary surgical instruments and hospital equipment and equipment for nurses' homes and all other property necessary for equipping a hospital and nurses' home.

HSC § 32123:

The board of directors may purchase such real property, and erect or rent and equip such buildings or building, room or rooms as may be necessary for the hospital.

HSC § 32124:

The board of directors may establish a nurses' training school in connection with the hospital, prescribe a course of study for such training and after the completion of the course, provide for the issuance of diplomas to graduate nurses.

HSC § 32125:

(a) The board of directors shall be responsible for the operation of all health care facilities owned or leased by the district, according to the best interests of the public health and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of health care facilities under their management



and all property belonging thereto and may prescribe the terms upon which patients may be admitted thereto. Minimum standards of operation as prescribed in this article shall be established and enforced by the board of directors.

(b) A district shall not contract to care for indigent county patients at below the cost for care. In setting the rates the board shall, insofar as possible, establish rates as will permit the district health care facilities to be operated upon a self-supporting basis. The board may establish different rates for residents of the district than for persons who do not reside within the district.

(c) Notwithstanding any other provision of law, unless prohibited from doing so by action of the board of directors, the chief executive officer may establish a task force to assist the chief executive officer in operating the district's facilities. The chief executive officer shall, if required to do so by action of the board, select task force members from individuals nominated by the board. Once established, the task force may be dissolved by action of the chief executive officer or the board. Any action by the board under this subdivision shall require four votes from a board on which there are five members or five votes from a board on which there are seven members.

HSC § 32126:

(a) The board of directors may provide for the operation and maintenance through tenants of the whole or any part of any hospital acquired or constructed by it pursuant to this division, and for that purpose may enter into any lease agreement that it believes will best serve the interest of the district. A lease entered into with one or more corporations for the operation of 50 percent or more of the district's hospital, or that is part of, or contingent upon, a transfer of 50 percent or more of the district's assets, in sum or by increment, as described in subdivision (p) of Section 32121, shall be subject to the requirements of subdivision (p) of Section 32121. Any lease for the operation of any hospital shall require the tenant or lessee to conform to, and abide by, Section 32128. No lease for the operation of an entire hospital shall run for a term in excess of 30 years. No lease for the operation of less than an entire hospital shall run for a term in excess of 10 years.

(b) Notwithstanding any other provision of law, a sublease, an assignment of an existing lease, or the release of a tenant or lessee from obligations under an existing lease in connection with an assignment of an existing lease shall not be subject to the requirements of subdivision (p) of Section 32121 so long as all of the following conditions are met:

(1) The sublease or assignment of the existing lease otherwise remains in compliance with subdivision (a).

(2) The district board determines that the total consideration that the district shall receive following the assignment or sublease, or as a result thereof, taking into account all monetary and other tangible and intangible consideration to be received by the district including, without limitation, all benefits to the communities served by the district, is no less than the total consideration that the district would have received under the existing lease.

(3) The existing lease was entered into on or before July 1, 1984, upon approval of the board of directors following solicitation and review of no less than five offers from prospective tenants.



(4) If substantial amendments are made to an existing lease in connection with the sublease or assignment of that existing lease, the amendments shall be fully discussed in advance of the district board's decision to adopt the amendments in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(c) A health care district shall report to the Attorney General, within 30 days of any lease of district assets to one or more corporations, the type of transaction and the entity to whom the assets were leased.

HSC § 32126.5:

(a) The board of directors of a hospital district or any affiliated nonprofit corporation may do any of the following when it determines that the action is necessary for the provision of adequate health services to communities served by the district:

(1) Enter into contracts with health provider groups, community service groups, independent physicians and surgeons, and independent podiatrists, for the provision of health services.

(2) Provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community.

(3) Finance experiments with new methods of providing adequate health care.

(b) Nothing in this section shall authorize activities which corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

HSC § 32127:

The hospital district shall establish its own treasury and shall appoint a treasurer charged with the safekeeping and disbursement of the funds in the treasury of the district. The board of directors shall fix the amount of the bond to be given by such treasurer and shall provide for the payment of the premium therefor out of the maintenance and operation fund.

All moneys derived from that portion, if any, of the annual tax or assessment levied for capital outlay purposes shall be placed in the capital outlay fund. Any moneys derived from a special tax or assessment levied under Article 3 of Chapter 3 hereof shall be placed in a special assessment fund and shall be used exclusively for the purposes for which such special tax or assessment was voted.

All moneys derived from the regular annual tax or assessment provided in Article 1, Chapter 3 hereof, except any part thereof levied for capital outlay purposes, shall be placed in the maintenance and operation fund. All receipts and revenues of any kind from the operation of the hospital shall be paid daily into the treasury of said district and placed in the maintenance and operation fund. Moneys in the maintenance and operation fund may be expended for any of the purposes of the district; provided, however, that no such moneys may be expended for new construction of additional patient bed capacity other than as authorized by Section 32221 hereof. Whenever it appears that the sum in the bond interest and sinking fund will be insufficient to pay the interest or principal of bonds next coming due

and payable therefrom, a sum sufficient to pay such principal and interest shall be transferred by the board of directors from the maintenance and operation fund to said bond interest and sinking fund.

Except as to principal and interest of bonds, moneys in the treasury of the district shall be paid out by the treasurer, or such other officer or officers of the district, including the administrator, as may be authorized by the board. The treasurer shall keep such order as his voucher and shall keep accounts of all receipts into the district treasury and all disbursements therefrom.

Where bonds of the district are payable at the office of the district, all receipts from taxes levied to pay the principal and interest of such bonds shall be paid into the treasury of the district, and the treasurer of the district shall pay therefrom the principal and interest of such bonds.

Where bonds of the district are payable at the office of the county treasurer of the organizing county, at the option of the holder, or otherwise, all receipts from taxes levied to pay principal and interest of such bonds shall be paid into the treasury of the organizing county and shall be placed by the county treasurer in the bond interest and sinking fund of the district, and he shall pay the principal and interest of such bonds therefrom and shall keep an account of all moneys received into and paid out of said fund.

Any moneys in the treasury of the district and any moneys of the district in the bond interest and sinking fund of the district in the treasury of the organizing county may be deposited in accordance with the provisions of the general laws of the State of California governing the deposit of public moneys of cities or counties in such bank or banks in the State of California as may be authorized to receive deposits of public funds, in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks, and with like force and effect. The board of directors of the district are authorized to create a revolving fund which fund shall not exceed the sum of 10 percent of the estimated annual expenditures of the district at any one time and which shall be used for the purpose of paying the interim expenses of the operation of any hospital within the district without the necessity of a written order signed by the president and countersigned by the secretary as provided herein. The treasurer is authorized to deposit said fund in such bank or banks in the county as may be authorized to receive deposits of public funds in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks and with like force and effect, and shall be subject to withdrawal upon the signature of the treasurer, or such other official of the district as may be authorized by the board of directors, for the use and purpose provided for herein.

HSC § 32127.2:

Exclusively for the purpose of securing state insurance of financing for the construction of new health facilities, the expansion, modernization, renovation, remodeling and alteration of existing health facilities, and the initial equipping of any such health facilities under Chapter 1 (commencing with Section 129000) of Part 6 of Division 107, and notwithstanding any provision of this division or any other provision or holding of law, the board of directors of any district may (a) borrow money or credit, or issue bonds, as well as by the financing methods specified in this division, and (b) execute in favor of the state first mortgages, first deeds of trust, and other necessary security interests as the Office of Statewide Health

Planning and Development may reasonably require in respect to a health facility project property as security for the insurance. No payments of principal, interest, insurance premium and inspection fees, and all other costs of state-insured loans obtained under the authorization of this section shall be made from funds derived from the district's power to tax. It is hereby declared that the authorizations for the executing of the mortgages, deeds of trust and other necessary security agreements by the board and for the enforcement of the state's rights thereunder is in the public interest in order to preserve and promote the health, welfare, and safety of the people of this state by providing, without cost to the state, a state insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the rational meeting of the critical need for new, expanded and modernized public health facilities.

HSC § 32127.3:

(a) Exclusively for the purpose of securing federal mortgage insurance, federal loans, federal loans or grants or guaranteed loans issued pursuant to the federal Consolidated Farm and Rural Development Act (7 U.S.C. Sec. 1921, et seq.), as amended by Public Law 109-171 on February 8, 2006, or federally insured loans issued pursuant to the National Housing Act (12 U.S.C. Secs. 1715w and 1715z-7) for financing or refinancing the construction of new health facilities, the expansion, modernization, renovation, remodeling, or alteration of existing health facilities, and the initial equipping of those health facilities under the federal mortgage insurance programs as are now or may hereafter become available to a local hospital district, and notwithstanding any provision of this division, or any other provision or holding of law, the board of directors of any district may do either or both of the following:

(1) Borrow money or issue bonds, in addition to other financing methods authorized under this division.

(2) Execute, in favor of the United States, appropriate federal agency, or federally designated mortgagor, first mortgages, first deeds of trust, or other necessary security interests as the federal government may reasonably require with respect to a health facility project property as security for that insurance.

(b) No payments of principal, interest, insurance premiums and inspection fees, and all other costs of financing obtained as authorized by this section shall be made from funds derived from the district's power to tax.

(c) The Legislature hereby determines and declares that the authorizations for executing the mortgages, deeds of trust, or other necessary security agreements by the board and for the enforcement of the federal government's rights thereunder are in the public interest in order to preserve and promote the health, welfare, and safety of the people of the state by providing, without cost to the state, a federal mortgage insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the critical need for new, expanded, and modernized public health facilities to be met.

(d) The Legislature further determines and declares that the United States, appropriate federal agency, or federally designated mortgagor named as beneficiary of any first

mortgage or other security interest delivered as authorized by this section is not a private person or body within the meaning of Section 11 of Article XI of the California Constitution.

HSC § 32128:

(a) The rules of the hospital, established by the board of directors pursuant to this article, shall include all of the following:

(1) Provision for the organization of physicians and surgeons, podiatrists, and dentists licensed to practice in this state who are permitted to practice in the hospital into a formal medical staff, with appropriate officers and bylaws and with staff appointments on an annual or biennial basis.

(2) Provision for a procedure for appointment and reappointment of medical staff as provided by the standards of the Joint Commission on Accreditation of Healthcare Organizations.

(3) Provisions that the medical staff shall be self-governing with respect to the professional work performed in the hospital; that the medical staff shall meet in accordance with the minimum requirements of the Joint Commission on Accreditation of Healthcare Organizations; and that the medical records of the patients shall be the basis for such review and analysis.

(4) Provision that accurate and complete medical records be prepared and maintained for all patients.

For purposes of this paragraph medical records include, but are not limited to, identification data, personal and family history, history of present illness, physical examination, special examinations, professional or working diagnoses, treatment, gross and microscopic pathological findings, progress notes, final diagnosis, condition on discharge, and other matters as the medical staff shall determine.

(5) Limitations with respect to the practice of medicine and surgery in the hospital as the board of directors may find to be in the best interests of the public health and welfare, including appropriate provision for proof of ability to respond in damages by applicants for staff membership, as long as no duly licensed physician and surgeon is excluded from staff membership solely because he or she is licensed by the Osteopathic Medical Board of California.

(b) Notwithstanding any other provision of law, the board of directors may indemnify for damages and for costs associated with the legal defense of any nonemployee member of the medical staff when named as a defendant in a civil action directly arising out of opinions rendered, statements made, or actions taken as a necessary part of participation in the medical peer review activities of the district. This provision for indemnification for damages shall not include any award of punitive or exemplary damages against any nonemployee member of the medical staff. If the plaintiff prevails in a claim for punitive or exemplary damages against a nonemployee member of the medical staff, the defendant, at the option of the board of directors of the district, shall be liable to the district for all the costs incurred in providing representation to the defendant.

(c) Notwithstanding subdivision (b) or any other provision of law, a district is authorized to pay that part of a judgment that is for punitive or exemplary damages against a nonemployee member of the medical staff arising out of participation in peer review activities, if the board of directors of the district, in its discretion, finds all of the following:

(1) The judgment is based on opinions rendered, statements made, or actions taken as a necessary part of participation in the medical peer review activities of the district.

(2) At the time of rendering of the opinions, making the statements, or taking the actions giving rise to the liability, the nonemployee member of the medical staff was acting in good faith, without actual malice, and in the apparent best interests of the district.

(3) Payment of the claim or judgment against the nonemployee member staff would be in the best interests of the district.

(d) The rules of the hospital shall, insofar as consistent with this article, be in accord with and contain minimum standards not less than the rules and standards of private or voluntary hospitals. Unless specifically prohibited by law, the board of directors may adopt other rules which could be lawfully adopted by private or voluntary hospitals.

#### HSC § 32128.10:

No hospital established by the board of directors pursuant to this article which permits sterilization operations for contraceptive purposes to be performed therein, nor the medical staff of such hospital, shall require the individual upon whom such a sterilization operation is to be performed to meet any special nonmedical qualifications, which are not imposed on individuals seeking other types of operations in the hospital. Such prohibited nonmedical qualifications shall include, but not be limited to, age, marital status, and number of natural children.

Nothing in this section shall prohibit requirements relating to the physical or mental condition of the individual or affect the right of the attending physician to counsel or advise his patient as to whether or not sterilization is appropriate. This section shall not affect existing law with respect to individuals below the age of majority.

#### HSC § 32129:

Notwithstanding the provisions of the Medical Practice Act, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with physicians and surgeons, podiatrists, health care provider groups, and nonprofit corporations for the rendering of professional health services on a basis as does not result in any profit or gain to the district from the services so rendered and as allows the board to ensure that fees and charges, if any, are reasonable, fair, and consistent with the basic commitment of the district to provide adequate health care to all residents within its boundaries.

#### HSC § 32129.5:

Notwithstanding any other provision of law, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with a physician and surgeon or podiatrist for

the rendering of professional services in the hospital, for the purpose of assuring that a physician and surgeon or podiatrist will be on duty in an outpatient emergency department maintained by the hospital, on a basis as does not result in any profit or gain to the district from the professional services of the physician and surgeon. For purposes of this section, the contract with the podiatrist shall be for those services which the podiatrist is licensed to practice pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code.

HSC § 32130:

A district may borrow money and incur indebtedness in an amount not to exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income received by the district, from whatever source derived. The money borrowed and indebtedness incurred under this section shall be repaid within the same fiscal year.

HSC § 32130.1:

A district is also authorized, when funds are needed to meet current expenses of maintenance and operation, to borrow money on certificates of indebtedness or other evidence of indebtedness in an amount not to exceed five cents (\$0.05) on each one hundred dollars (\$100) of assessed valuation of the district, the certificates of indebtedness to run for a period not to exceed five years and to bear interest not to exceed the rate prescribed in Section 53531 of the Government Code.

All certificates of indebtedness or other evidence of indebtedness shall be issued after the adoption by a three-fifths vote of the board of directors of the district of a resolution setting forth the necessity for the borrowing and the amount of the assessed valuation of the district and the amount of funds to be borrowed thereon. All certificates of indebtedness or other evidence of indebtedness shall be offered at public sale by the board of directors of the district after not less than 10 days advertising in a newspaper of general circulation within the district and if no newspaper of general circulation is printed within the district, then in a newspaper of general circulation within the county in which the district is located. Each sale shall be made to the bidder offering the lowest rate of interest or whose bid represents the lowest net cost to the district. However, the rate of interest shall not exceed the rate prescribed in Section 53531 of the Government Code.

The certificates of indebtedness or other evidences of indebtedness shall be signed on behalf of the district by the presiding officer and attested by the secretary of the board of directors of the district. The board of supervisors of the county in which the district lies shall, at the time of fixing the general tax levy, sometimes called the annual assessment or regular annual assessment for the district, and in the manner for the general tax levy provided, levy and collect annually each year until the certificates of indebtedness or other evidences of indebtedness are paid or until there is a sum in the treasury set apart for that purpose sufficient to meet all sums coming due for principal and interest on the certificates of indebtedness or other evidences of indebtedness, tax sufficient to pay the interest on the certificates of indebtedness as the same become due and also, to constitute a sinking fund for the payment of the principal thereof at maturity. The tax shall be in addition to all of the taxes levied for district purposes and shall be placed in a certificate of indebtedness, interest and sinking fund of the district and, until all of the principal of the interest and certificates of

indebtedness is paid, the money in the fund shall be used for no other purpose than the payment of the certificates of indebtedness and accruing interest thereon.

HSC § 32130.2:

(a) A district may, by resolution adopted by a majority of the district board, issue negotiable promissory notes to acquire funds for any district purposes subject to the restrictions and requirements imposed by this section. The maturity of the promissory notes shall not be later than 10 years from the date thereof. The total aggregate amount of the notes outstanding at any one time shall not exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income of the district. Indebtedness incurred pursuant to any other provision of law shall be disregarded in computing the aggregate amount of notes that may be issued pursuant to this section.

(b) Negotiable promissory notes may be issued pursuant to this section for any capital outlay facility, equipment, or item which has a useful life equal to, or longer than, the term of the notes, as determined by the board of directors.

(c) The maximum annual interest rate which may be paid on negotiable promissory notes shall at no time exceed the amount authorized under Section 53531 of the Government Code.

HSC § 32130.5:

The first board of directors of a district may, within a period of two years from and after the formation of the district, pursuant to a resolution adopted by it for the purpose, borrow money on certificates of indebtedness, promissory notes, or other evidences of indebtedness, in anticipation of the estimated tax revenue for the following fiscal year, to be repaid within two years from the date of borrowing with interest at a rate not to exceed 5 percent per annum, in order to enable the district to meet all of its necessary initial expenses of organization, construction, acquisition, maintenance, and operation. The total amount of money borrowed and indebtedness incurred under this section and Section 32130 during this two-year period shall not exceed 50 percent of the total amount of estimated tax revenue as estimated by the county auditor or auditors of the county or counties in which the district lies for the following fiscal year.

The provisions of Section 32130 are applicable in respect to any indebtedness incurred under this section to the extent that they are consistent with this section.

HSC § 32130.6:

Notwithstanding any other provision of law, a district may do any of the following by resolution adopted by a majority of the district board:

(a) (1) Enter into a line of credit with a commercial lender that is secured, in whole or in part, by the accounts receivable or other intangible assets of the district, including anticipated tax



revenues, and thereafter borrow funds against the line of credit to be used for any district purpose.

(2) Any money borrowed under this line of credit pursuant to paragraph (1) shall be repaid within five years from each separate borrowing or draw upon the line of credit.

(3) The district may enter into a new and separate line of credit to repay a previous line of credit pursuant to paragraph (1), provided that the district complies with this section in entering into a new line of credit.

(4) Enter into a line of credit with a commercial lender for the sole purpose of consolidating debt incurred by the district prior to January 1, 2010. Debt incurred under this paragraph shall be repaid within 20 years of the consolidation borrowing. The total amount of debt that a district may have outstanding at any one time under this paragraph shall not exceed the amount of two million dollars (\$2,000,000).

(b) Enter into capital leases for the purchase by the district of equipment to be used for any district purpose.

(1) The term of any capital lease shall not be longer than 10 years.

(2) The district may secure the purchase of equipment by a capital lease by giving the lender a security interest in the equipment leased under the capital lease.

(c) Enter into lease-purchase agreements for the purchase by the district of real property, buildings, and facilities to be used for any district purpose. The term of any lease-purchase agreement shall not exceed 10 years.

(d) Nothing in this section shall provide the district with the authority to increase taxes in order to repay a line of credit established pursuant to subdivision (a) unless the tax is passed pursuant to Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

HSC § 32131:

The board of directors may maintain membership in any local, state or national group or association organized and operated for the promotion of the public health and welfare or the advancement of the efficiency of hospital administration, and in connection therewith pay dues and fees thereto.

Any and all other powers not identified above, which the AVMC may propose to exercise, are considered to be new or different functions or classes of services (formerly known as "latent powers"). The AVMC is prohibited from exercising such new or different functions or classes of services without the advance, written approval of the Commission pursuant to Government Code Sections 56824.10 through 56824.14, inclusive, and as addressed elsewhere in the Act.

As noted previously, HSC § 32121(j) states that a health care district has the following authority:

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs,



services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities **at any location within or without the district** for the benefit of the district and the people served by the district [emphasis added].

While this section states that a health care district may provide services outside its jurisdictional boundary, a health care district may not do unless and until it first secures the approval of the Commission (LAFCO), pursuant to Government Code § 56133.

### **Municipal Service Review Determinations**

Government Code Section 56430 requires LAFCO to “conduct a service review of the municipal services” and to “prepare a written statement of its determinations” relative to several factors below. This section addresses these factors and includes the recommended determinations.

#### **1. Growth and Population Projections**

Based upon 2020 Census data, the current population within the AVMC’s jurisdictional boundary is 420,286.<sup>12</sup>

According to the Southern California Association of Governments (SCAG), the projected population of this area is 468,373. This equals a growth rate of 11.44% for the 2020-2035 period.<sup>13</sup>

While the growth rate is significant, it is important to note that, over several decades, the AVMC has added new facilities, programs, and services to accommodate a growing population. Since the establishment of the AVMC several decades ago, there are additional hospitals, medical centers, and service providers which have been established and which provide similar services to that of the district. In that regard, the growth projected in the AVMC’s service territory is not expected to have a significant effect on the district’s ability to provide medical services to its customers.

#### **Determinations:**

- The population within the boundaries of the AVMC is expected to grow at a significant rate of 11.44 % between now and 2035.
- The growth projected in the AVMC’s service territory is not expected to have a significant effect on the district’s ability to provide medical services to its customers.

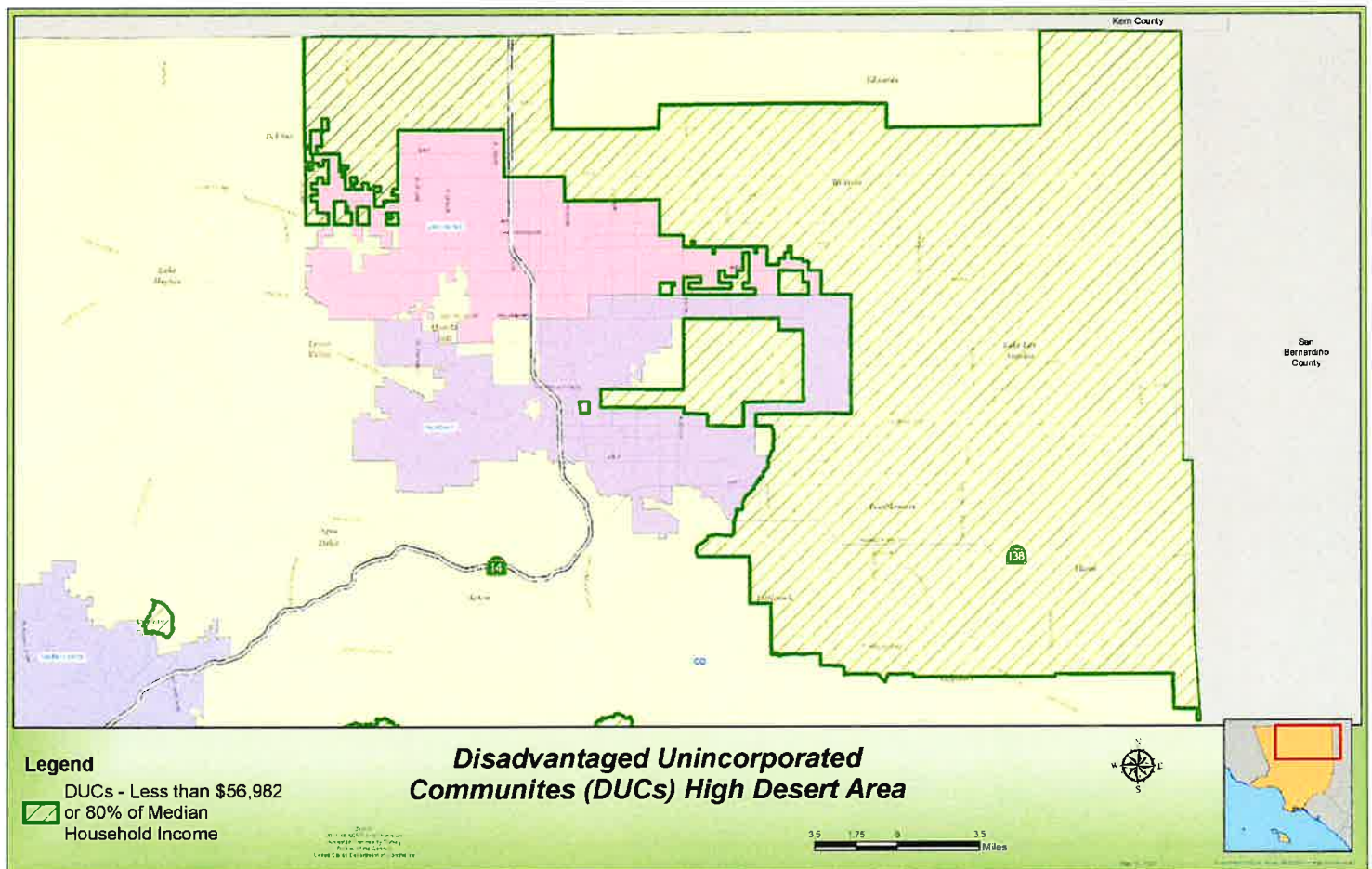
#### **2. Location and Characteristics of Disadvantaged Unincorporated Communities**

Pursuant to the State’s passage of Senate Bill 244, and as of January 1, 2012, LAFCOs are required to make determinations regarding Disadvantaged Unincorporated Communities (DUCs) for an Update of an SOI. The law defines a DUC as a community with an annual median household income that is less than eighty percent (80%) of the statewide annual median household income. The law also requires that LAFCOs consider “the location and characteristics of any disadvantaged communities within or contiguous to the sphere of influence” when preparing an MSR.

The intent of SB 244 is to protect against the potential for cities and special districts to engage in a pattern of “selective” annexations which may lead to the establishment “service islands” in which disadvantaged residents receive inferior structural fire protection, municipal water, and sanitary sewage disposal and treatment services compared to adjoining areas within a city or

## Exhibit 2

### Disadvantaged Unincorporated Communities



district's boundary. The AVMC's focus on providing medical services is unrelated to these traditional municipal services (fire, water, sanitation).

There are multiple DUCs spread throughout the Antelope Valley (see Exhibit 2, above); nearly all of which lie within the boundaries of the AVMC. Of the existing DUCs in the Antelope Valley, only a relatively small portion of the southeasterly corner of a very large DUC (generally located south of the unincorporated communities of Juniper Hills and Valyermo, as well as Devil's Punchbowl County Park) lies outside the boundaries of the AVMC, and this area is sparsely populated.

The AVMC provides health services to communities it serves, regardless of whether the involved territory lies within, or outside of, a DUC. Additionally, and given the constraints of Federal and state laws, hospital staff are precluded from denying emergency services to prospective patients.

**Determinations:**

- The core services provided by the AVMC do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.
- The AVMC provides its services in all portions of its district, regardless of whether the involved territory lies within, adjacent to, or outside of, a DUC.

3. *Present and Planned Capacity of Public Facilities; Adequacy of Public Services; Infrastructure Needs or Deficiencies.*

The current public facilities and infrastructure of the AVMC are sufficient. The District has substantial assets (land, buildings, equipment/facilities) which enable it to adequately provide a range of medical services to residents of the Antelope Valley.

In the long term, the District will need to undertake a substantial modernization of the existing main hospital building, or replace it altogether. The District recently formulated a plan to replace the main hospital building on adjoining district-owned land. Upon completion of the new main hospital building, the old hospital building would close; all services, facilities and patients would transfer to the new hospital building. This plan was dependent on the passage of a bond (Measure H) in June of 2022; although the bond received majority voter approval, it did not receive the two-thirds voter approval required by State law.

Under current State laws concerning seismic issues, the District may continue to operate the main hospital building until the year 2030. District representatives are reevaluating all options relative to the future of the main hospital building. Because the building is largely constructed of solid cement, the building is a poor candidate to be retrofitted. Pursuing a bond presents certain challenges, given that Measure H is the third time that a bond has received majority approval but failed to reach the required two-thirds threshold for passage. Given these circumstances, it is fair to say that the planned capacity of the main hospital is not sufficient in the longer term. It is important to note, however, that District representatives are intimately aware of the building's limitations and the need to address the issue, and they are performing serious and comprehensive due diligence to evaluate all options before proceeding.

**Determinations:**

- At this time, the current public facilities and infrastructure of the AVMC are adequate.
- The District has substantial assets (land, buildings, equipment/facilities) which enable it to provide a range of medical services to residents of the Antelope Valley.

- The planned capacity of the main hospital is not sufficient in the long-term.
- District representatives are aware of the main hospital building's limitations and the need to address the issue, and they should continue to exercise serious and comprehensive due diligence to evaluate all options before proceeding.

#### 4. Financial Ability of Agency to Provide Services

As noted in Exhibit 3 on Page 27, the AVMC is in a strong financial position. Over the last four (4) years, the District's total operating revenues have increased at a rate equal to, or above, the increases in total operating expenditures. With the exception of 2020—the year the AVMC was most impacted by increased costs associated with the COVID-19 pandemic—the District has had a positive cash flow for four (4) of the last five (5) years.

The District has adequate funding from multiple sources to finance on-going operations. The District also maintains a healthy reserve fund, with a balance currently in excess of \$200 million.<sup>14</sup>

#### **Determinations:**

- The AVMC is in a strong financial positions, maintaining consistent growth in operating revenues, and achieving positive cash flow in four of the last five years (the one exception due to COVID-pandemic impacts).
- The District has adequate funding from multiple sources to finance on-going operations.
- The District also maintains a health reserve fund, with a balance currently in excess of \$200 million.

#### 5. Status of, and Opportunities for, Shared Facilities

The District owns and operates several buildings, and it also leases property and space within its building to tenants, all of which are medical care or medical-related uses. Beyond the on-going changes in tenancy, which are normal for any landlord, there are no apparent additional opportunities to share facilities with other agencies.

#### **Determinations:**

- The AVMC leases property and space within its buildings to medical care and medical-related tenants.
- There are no apparent additional opportunities to share facilities with other agencies.

#### 6. Accountability for Community Service Needs

The AVMC is governed by a five-member elected board of directors. The AVMC Board of Directors meets at the hospital on the last Wednesday of the month at 6:30 p.m. The District's current board meeting agenda, and prior agendas, are available on the District's website (avmc.org).

**Exhibit 3**

**AVMC – Budgetary Highlights**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Total Operating Revenues</b>	\$ 418,393,000	\$ 435,015,000	\$ 447,411,000	\$ 466,415,000	\$ 554,277,000
Percentage change	N/A	3.97%	2.85%	4.25%	18.84%
<b>Total Operating Expenses</b>	\$ 391,480,000	\$ 399,368,000	\$ 419,828,000	\$ 431,789,000	\$ 507,333,000
Percentage change	N/A	2.01%	5.12%	2.85%	17.50%
<b>Depreciation/Interest</b>	\$ 22,618,000	\$ 24,033,000	\$ 25,091,000	\$ 24,528,000	\$ 25,902,000
Percentage change	N/A	6.26%	4.40%	-2.24%	5.60%
<b>Income (Loss) from Operations</b>	\$ 4,295,000	\$ 11,614,000	\$ 2,492,000	\$ 10,098,000	\$ 21,042,000
Percentage change	N/A	170.41%	-78.54%	305.22%	108.38%
<b>Investment/Capital Contribs.</b>	\$ 1,164,000	\$ 2,487,000	\$ 6,211,000	\$ 9,215,000	\$ 4,279,000
Percentage change	N/A	113.66%	149.74%	48.37%	-53.56%
<b>Net Income</b>	\$ 5,459,000	\$ 14,101,000	\$ 8,703,000	\$ 19,313,000	\$ 25,321,000
Percentage change	N/A	158.31%	-38.28%	121.91%	31.11%

There are three (3) laws which require public agencies to post specific information to their website:

- Senate Bill 929 (2018) requires all independent special districts in California to create and maintain a website, which shall include specified information about the district, as of January of 2020;
- Senate Bill 272 (2015) requires that public agencies create a catalog of their enterprise systems (any software application or computer system that collects, stores, exchanges, and analyzes information that the agency uses), and post the catalog to the homepage of the agency's website; and
- AB 1728 (2018) requires health care districts to maintain a website which includes contact information, a list of board-members, meeting information, the adopted budget,

the latest audit and annual financial reports, recipients of grant funding, the District's grant funding policies, and a copy of LAFCO's most recent MSR of the district (or a link to the MSR on LAFCO's website).

The District maintains a website which conforms to most of these requirements, above, with the following exceptions:

- The agenda is not "searchable and indexable" (it should be noted that most public agency websites do not meet this requirement);
- There is no list of enterprise systems (by law, it should be on the district website's homepage); and
- There is no copy (nor a website) link to LAFCO's 2004 MSR of the district.

**Determination:**

- The AVMC operates in a transparent manner, and it is reasonably in compliance with applicable State law relative to the posting of meeting agendas and website requirements.

7. Other Matters

(None)

**Determinations:**

(No additional determinations)

**Sphere of Influence Update**

In reviewing and updating the Antelope Valley Medical Center Sphere of Influence, LAFCO is required to adopt written determinations relative to several factors specified in Government Code § 56425:

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

**Determinations:**

- The jurisdictional boundary of the AVMC includes the City of Lancaster and the City of Palmdale, as well as unincorporated communities in the Antelope Valley (Acton, Juniper Hills, Lake Hughes, Lake Los Angeles, Leona Valley, Quartz Hill, and Pearblossom). To the south, the District includes unincorporated Agua Dulce, as well as portions of the Angeles National Forest and the Devil's Punchbowl County Park; to the east, the AVMC boundary includes all of Antelope Valley to the San Bernardino County line; to the north, the boundary includes most of Antelope Valley (excluding Edwards Air Force Base (EAFB) and unincorporated Gorman) to the Kern County line; and on the west, the boundary includes portions of the Angeles National Forest.

- The District includes encompasses nearly all territory within the Antelope Valley, which includes a variety of land uses: developed single-family residential, multiple-family residential, commercial, retail, and industrial space; public parks, recreation areas, active open space, and passive open space; and portions of the Angeles National Forest; and it is traversed by two major highways (State Routes 14 and 138).
- Most developed land is clustered in the two cities (Lancaster and Palmdale), with some also in County unincorporated communities, the largest of which is unincorporated Quartz Hill.
- The region is expected to grow substantially in the future, especially in terms of additional residential development.

2. Present and probable need for public facilities and services in the area

**Determination:**

- The region served by the AVMC will continue to require public facilities and services indefinitely, including the services provided by the AVMC.

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

**Determinations:**

- The current public facilities and infrastructure of the AVMC are adequate at this time.
- The District has substantial assets (land, buildings, equipment/facilities) which enable it to provide a range of medical services to residents of the Antelope Valley.
- The planned capacity of the main hospital is not sustainable in the long-term.
- District representatives are aware of the main hospital building's limitations and the need to address the issue, and they should continue to exercise serious and comprehensive due diligence to evaluate all options before proceeding.
- The AVMC is in a strong financial position, maintaining consistent growth in operating revenues, and achieving positive cash flow in four of the last five years (the one exception due to COVID-pandemic impacts).
- The District has adequate funding from multiple sources to finance on-going operations.
- The District also maintains a health reserve fund, with a balance currently in excess of \$200 million.

4. Existence of any social or economic communities of interest in the area

**Determinations:**

- There are multiple social and economic communities of interest in the area served by the AVMC.
- The AVMC provides its services in all portions of its District, regardless of whether the involved territory lies within, adjacent to, or outside of, a social and economic community of interest.

5. For cities or special districts that provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of Influence.

**Determinations:**

- The core services provided by the AVMC do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.
- The AVMC provides its services in all portions of its District, regardless of whether the involved territory lies within, adjacent to, or outside of, a DUC.

Antelope Valley Medical Center SOI Recommendation:

Staff recommends that the Commission reconfirm the existing SOI for the AVMC, as shown in the map in Exhibit 4 on Page 31, below, based upon the following considerations:

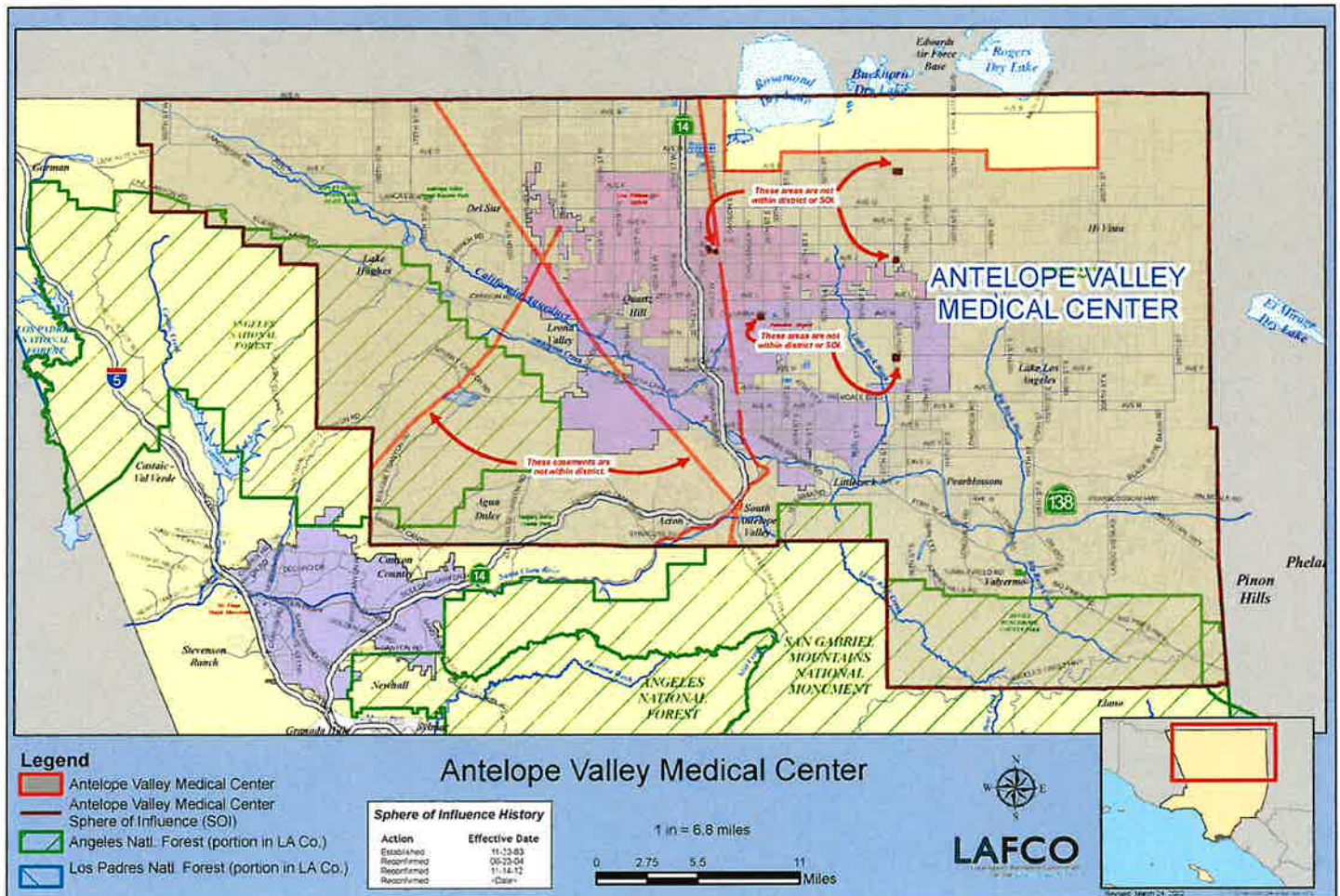
1. The Coterminous SOI for the AVMC covers vast territory, encompassing most of the Antelope Valley, and including significant portions of unincorporated Acton and Agua Dulce.
2. According to AVMC representatives, the AVMC has no interest in annexing additional territory into its jurisdictional boundary in the foreseeable future.

(continues on Page 31)



Exhibit 4

Proposed Antelope Valley Medical Center SOI Boundary



(continues on Page 32)

## Chapter Four: Beach Cities Health District

The Beach Cities Health District (BCHD or District) is an independent special district that was established in 1955. The District was originally established to develop a hospital. Upon the passage of a bond by the voters in 1956, construction began in 1957, and the hospital opened in 1960.<sup>15</sup>

The hospital was leased to American Medical International (AMI) as an operator in 1984 for a thirty-year term, to 2014. In 1995, Tenet Healthcare Corp. acquired AMI and assumed the lease. The District closed the hospital on May 31, 1998. In 1998, Tenet paid out the remaining lease term.<sup>16</sup> Since that time, the District has utilized some space in the former hospital building for its own programs, and leased other space to tenants providing health and wellness services and programs.

As noted on the District's website:

"Beach Cities Health District (BCHD) is a health care district focused on preventive health and serves the communities of Hermosa Beach, Manhattan Beach and Redondo Beach. Established in 1955 as a public agency, it offers an extensive range of dynamic health and wellness programs, with innovative services and facilities to promote health and prevent diseases across the lifespan.

"Focusing on wellness, not sickness, encourages people to make wiser health care decisions. Preventative causes of illness and death, like tobacco smoking, poor diet and physical inactivity, are estimated to be responsible for nearly a million deaths annually—almost 40 percent of total yearly mortality in the United States. According to the Center for Disease Control (CDC), about 90 percent of today's healthcare costs are for treating people with chronic yet preventable diseases. BCHD's wellness and healthy living programs and services are aimed at making prevention an integral part of the classrooms, workplace and homes of the beach cities."<sup>17</sup>

The BCHD is governed by a five-member board of directors, elected on an at-large basis. Each board-member serves a four-year term. The Board meets at on the fourth Wednesday of the month at the District's office at 6:30 p.m., except in August and December. Due to on-going issues associated with the COVID pandemic, the BCHD Board of Directors currently meets in a virtual format. The website includes board agendas, agenda packets, presentations, minutes, and video recordings of recent meetings.

The jurisdictional boundary of the BCHD includes the cities of Hermosa Beach, Manhattan Beach, and Redondo Beach. In addition to those three (3) cities, the SOI includes the cities of El Segundo, Gardena, Hawthorne, Lawndale, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, and Torrance, as well as several unincorporated communities (Del Aire, West Alondra Park, Westfield, and others). The jurisdictional and SOI boundaries of the BCHD are shown as Exhibit 5 on Page 34.

The BCHD owns seven (7) properties in the City of Redondo Beach (2114 Artesia Boulevard; 1272 Beryl Street; 601 So. Pacific Coast Highway; 510, 512, 514, and 520 No. Prospect Avenue); and one property each in the City of Hermosa Beach (1837 Pacific Coast Highway) and Manhattan Beach (1701 Marine Avenue).<sup>18</sup> These various properties are developed with

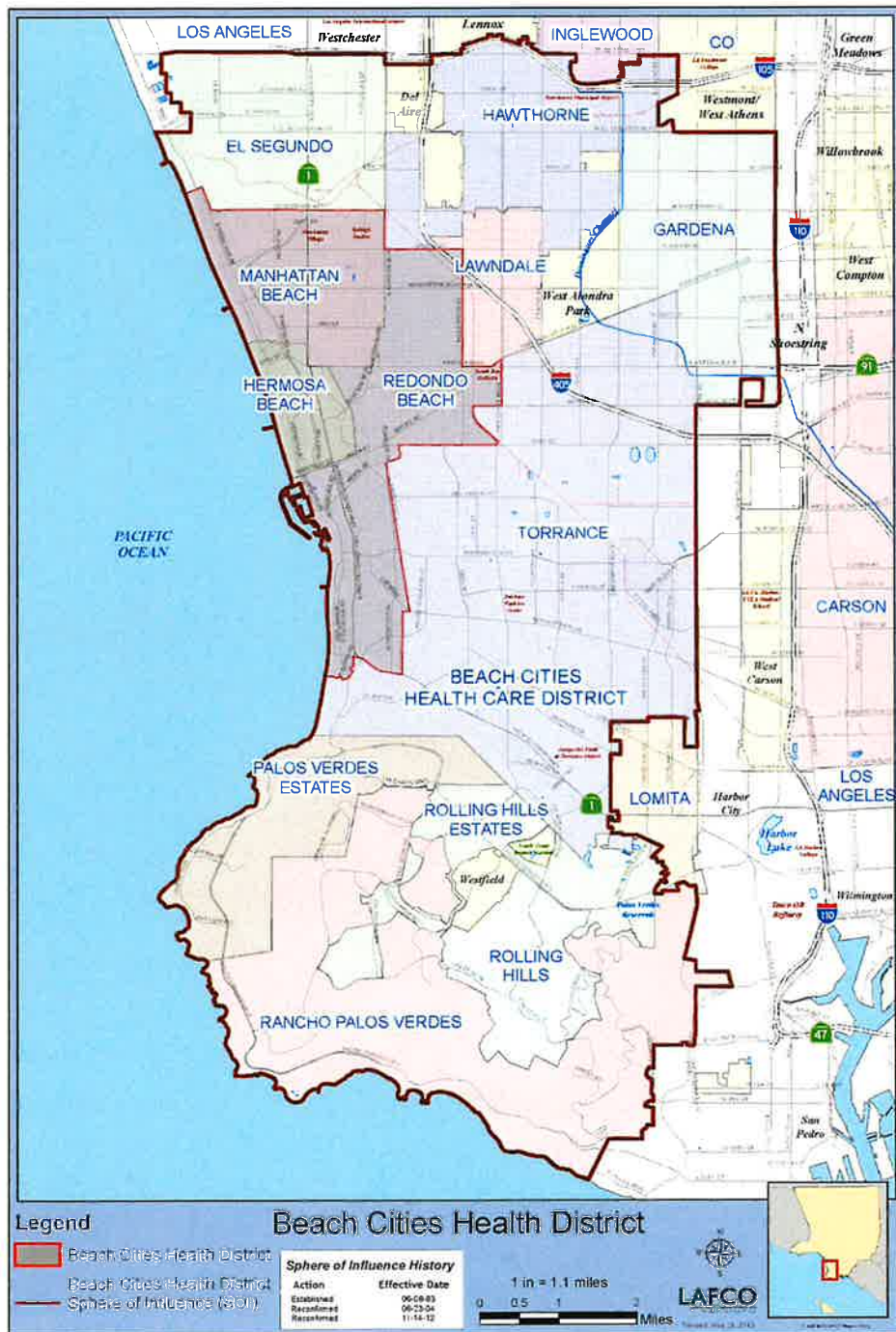
multiple health-related uses, such as the Beach Cities Health Center; the Center for Health and Fitness (a fitness center with exercise equipment that offers personal training, small group training, and exercise classes for the general public, and exercise classes tailored to senior citizens); Adventure Plex (an indoor recreation and exercise facility for young children); as well as lessees that provide Alzheimer residential care, assisted living, radiological services, surgery center services, and urgent care, amongst other programs, BCHD offers the following services:

- Children: exercise programs, obesity prevention education, mental health awareness, school-based gardens, and volunteer-assisted walk-to-school programs;
- Middle-School and High School Students: mental health collaboration and wellness councils, substance abuse prevention;
- Senior citizens and persons with disabilities: care management (companionship, errand assistance, in-home exercise, limited transportation assistance, and on-line volunteer support.
- Mental health programs;
- Substance abuse prevention;
- Parenting education; and
- Blue Zones Project: programs which promote healthy exercise, eating, and shopping.<sup>19</sup>

BCHD has proposed a Healthy Living Campus Project, which entails a substantial redevelopment of the district's main campus in the City of Redondo Beach. The project includes the removal of the former hospital building (514 building), which, according to district representatives, is in need of a costly and significant seismic upgrade were it to be maintained; and development of new facilities: a 217-unit residential care facility for the elderly (RCFE), BCHD programs and services (care management for seniors and persons with disabilities), youth wellness center, active open space, an aquatics center, a health and fitness center, a community wellness pavilion with space for community meetings and events, and parking. The BCHD Board of Directors approved and certified an Environmental Impact Report (EIR) on September 8, 2021. BCHD representatives submitted a pre-application for Master Plan, Conditional Use Permit (CUP), and Design Review to the City of Redondo Beach on February 22, 2022.<sup>20</sup> City representatives provided comments to BCHD; city staff further indicated that BCHD representatives are working to address these comments and submit the application to the City of Redondo Beach.<sup>21</sup>

Funding for the District comes from property taxes, lease revenues, limited partnership income, user fees, and donations and grants.<sup>22</sup> As of May, 2021, the BCHD staff includes one hundred fifty-six (156) employees.<sup>23</sup>

**Exhibit 5**  
**Existing Beach Cities Health District**  
**Jurisdictional and SOI Boundary**





## Functions or Classes of Services

The existing “functions or classes of services” are those municipal services that are already being provided, and/or were previously provided by a special district within its boundaries; prior to recent changes in the Act, these existing functions or classes of municipal services were known as “active powers.” New or different functions or classes of services are those powers authorized by the principal act under which the district was formed, but not currently exercised by a special district; prior to recent changes in the Act, these existing functions or classes of municipal services were known as “latent powers.”

State law directs LAFCOs to determine each special district’s active powers, and to maintain a record of those active powers.

Because LAFCO did not identify active powers for the BCHD when LAFCO added special district representatives, nor when it adopted the Miscellaneous Government Services MSR and SOI Update in 2004, this MSR will identify those active powers which the BCHD is currently providing. All other services are considered to be latent powers; LAFCO approval (pursuant to Government Code Section 56824.10) would be required before the district could provide any new or different functions or classes of services.

By adopting this MSR, the Commission (LAFCO) hereby authorizes the BCHD to provide the following functions or classes of services:

### Health & Safety Code (HSC) § 32121:

- (a) To have and use a corporate seal and alter it at its pleasure.
- (b) To sue and be sued in all courts and places and in all actions and proceedings whatever.
- (c) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the district.
- (d) To exercise the right of eminent domain for the purpose of acquiring real or personal property of every kind necessary to the exercise of any of the powers of the district.
- (e) To establish one or more trusts for the benefit of the district, to administer any trust declared or created for the benefit of the district, to designate one or more trustees for trusts created by the district, to receive by gift, devise, or bequest, and hold in trust or otherwise, property, including corporate securities of all kinds, situated in this state or elsewhere, and where not otherwise provided, dispose of the same for the benefit of the district.
- (f) To employ legal counsel to advise the board of directors in all matters pertaining to the business of the district, to perform the functions in respect to the legal affairs of the district as the board may direct, and to call upon the district attorney of the county in which the greater part of the land in the district is situated for legal advice and assistance in all matters concerning the district, except that if that county has a county counsel, the directors may call upon the county counsel for legal advice and assistance.

(g) To employ any officers and employees, including architects and consultants, the board of directors deems necessary to carry on properly the business of the district.

(h) To prescribe the duties and powers of the health care facility administrator, secretary, and other officers and employees of any health care facilities of the district, to establish offices as may be appropriate and to appoint board members or employees to those offices, and to determine the number of, and appoint, all officers and employees and to fix their compensation. The officers and employees shall hold their offices or positions at the pleasure of the boards of directors.

(i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district. "Health care facilities," as used in this subdivision, means those facilities defined in subdivision (b) of Section 32000.1 and specifically includes freestanding chemical dependency recovery units. "Health facilities," as used in this subdivision, may also include those facilities defined in subdivision (d) of Section 15432 of the Government Code.

(k) To do any and all other acts and things necessary to carry out this division.

(m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.

(o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.

(r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems and programs properly licensed by the Department of Insurance or the Department of Managed Care, at any location within or without the district for the benefit of residents of communities served by the district. However, that activity shall not be deemed to result in, or constitute, the giving or lending of the district's credit, assets, surpluses, cash, or tangible goods to, or in aid of, any person, association, or corporation in violation of Section 6 of Article XVI of the California Constitution.

Nothing in this section shall be construed to authorize activities that corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Any agreement to provide health care coverage that is a health care service plan, as defined in subdivision (f) of Section 1345, shall be subject to Chapter 2.2 (commencing with Section 1340) of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

A district shall not provide health care coverage for any employee of an employer operating within the communities served by the district, unless the Legislature specifically authorizes, or has authorized in this section or elsewhere, the coverage.

Nothing in this section shall be construed to authorize any district to contribute its facilities to any joint venture that could result in transfer of the facilities from district ownership.

(s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.

HSC § 32121.1:

By resolution, the board of directors of a local hospital district may delegate to its administrator the power to employ (subject to the pleasure of the board of directors), and discharge, such subordinate officers and employees as are necessary for the purpose of carrying on the normal functions of any hospital operated by the district.

HSC § 32125:

(a) The board of directors shall be responsible for the operation of all health care facilities owned or leased by the district, according to the best interests of the public health and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of health care facilities under their management and all property belonging thereto and may prescribe the terms upon which patients may be admitted thereto. Minimum standards of operation as prescribed in this article shall be established and enforced by the board of directors.

(b) A district shall not contract to care for indigent county patients at below the cost for care. In setting the rates the board shall, insofar as possible, establish rates as will permit the district health care facilities to be operated upon a self-supporting basis. The board may establish different rates for residents of the district than for persons who do not reside within the district.

(c) Notwithstanding any other provision of law, unless prohibited from doing so by action of the board of directors, the chief executive officer may establish a task force to assist the chief executive officer in operating the district's facilities. The chief executive officer shall, if required to do so by action of the board, select task force members from individuals nominated by the board. Once established, the task force may be dissolved by action of the chief executive officer or the board. Any action by the board under this subdivision shall require four votes from a board on which there are five members or five votes from a board on which there are seven members.

HSC § 32126.5:

(a) The board of directors of a hospital district or any affiliated nonprofit corporation may do any of the following when it determines that the action is necessary for the provision of adequate health services to communities served by the district:

(1) Enter into contracts with health provider groups, community service groups, independent physicians and surgeons, and independent podiatrists, for the provision of health services.

(2) Provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community.

(3) Finance experiments with new methods of providing adequate health care.

(b) Nothing in this section shall authorize activities which corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

HSC § 32127:

The hospital district shall establish its own treasury and shall appoint a treasurer charged with the safekeeping and disbursal of the funds in the treasury of the district. The board of directors shall fix the amount of the bond to be given by such treasurer and shall provide for the payment of the premium therefor out of the maintenance and operation fund.

All moneys derived from that portion, if any, of the annual tax or assessment levied for capital outlay purposes shall be placed in the capital outlay fund. Any moneys derived from a special tax or assessment levied under Article 3 of Chapter 3 hereof shall be placed in a special assessment fund and shall be used exclusively for the purposes for which such special tax or assessment was voted.

All moneys derived from the regular annual tax or assessment provided in Article 1, Chapter 3 hereof, except any part thereof levied for capital outlay purposes, shall be placed in the maintenance and operation fund. All receipts and revenues of any kind from the operation of the hospital shall be paid daily into the treasury of said district and placed in the maintenance and operation fund. Moneys in the maintenance and operation fund may be expended for any of the purposes of the district; provided, however, that no such moneys may be expended for new construction of additional patient bed capacity other than as authorized by Section 32221 hereof. Whenever it appears that the sum in the bond interest and sinking fund will be insufficient to pay the interest or principal of bonds next coming due and payable therefrom, a sum sufficient to pay such principal and interest shall be transferred by the board of directors from the maintenance and operation fund to said bond interest and sinking fund.

Except as to principal and interest of bonds, moneys in the treasury of the district shall be paid out by the treasurer, or such other officer or officers of the district, including the administrator, as may be authorized by the board. The treasurer shall keep such order as his voucher and shall keep accounts of all receipts into the district treasury and all disbursements therefrom.



Where bonds of the district are payable at the office of the district, all receipts from taxes levied to pay the principal and interest of such bonds shall be paid into the treasury of the district, and the treasurer of the district shall pay therefrom the principal and interest of such bonds.

Where bonds of the district are payable at the office of the county treasurer of the organizing county, at the option of the holder, or otherwise, all receipts from taxes levied to pay principal and interest of such bonds shall be paid into the treasury of the organizing county and shall be placed by the county treasurer in the bond interest and sinking fund of the district, and he shall pay the principal and interest of such bonds therefrom and shall keep an account of all moneys received into and paid out of said fund.

Any moneys in the treasury of the district and any moneys of the district in the bond interest and sinking fund of the district in the treasury of the organizing county may be deposited in accordance with the provisions of the general laws of the State of California governing the deposit of public moneys of cities or counties in such bank or banks in the State of California as may be authorized to receive deposits of public funds, in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks, and with like force and effect. The board of directors of the district are authorized to create a revolving fund which fund shall not exceed the sum of 10 percent of the estimated annual expenditures of the district at any one time and which shall be used for the purpose of paying the interim expenses of the operation of any hospital within the district without the necessity of a written order signed by the president and countersigned by the secretary as provided herein. The treasurer is authorized to deposit said fund in such bank or banks in the county as may be authorized to receive deposits of public funds in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks and with like force and effect, and shall be subject to withdrawal upon the signature of the treasurer, or such other official of the district as may be authorized by the board of directors, for the use and purpose provided for herein.

HSC §32127.2:

Exclusively for the purpose of securing state insurance of financing for the construction of new health facilities, the expansion, modernization, renovation, remodeling and alteration of existing health facilities, and the initial equipping of any such health facilities under Chapter 1 (commencing with Section 129000) of Part 6 of Division 107, and notwithstanding any provision of this division or any other provision or holding of law, the board of directors of any district may (a) borrow money or credit, or issue bonds, as well as by the financing methods specified in this division, and (b) execute in favor of the state first mortgages, first deeds of trust, and other necessary security interests as the Office of Statewide Health Planning and Development may reasonably require in respect to a health facility project property as security for the insurance. No payments of principal, interest, insurance premium and inspection fees, and all other costs of state-insured loans obtained under the authorization of this section shall be made from funds derived from the district's power to tax. It is hereby declared that the authorizations for the executing of the mortgages, deeds of trust and other necessary security agreements by the board and for the enforcement of the state's rights thereunder is in the public interest in order to preserve and promote the health, welfare, and safety of the people of this state by providing, without cost to the state, a state insurance program for health facility construction loans in order to stimulate the flow of

private capital into health facilities construction to enable the rational meeting of the critical need for new, expanded and modernized public health facilities.

HSC § 32129:

Notwithstanding the provisions of the Medical Practice Act, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with physicians and surgeons, podiatrists, health care provider groups, and nonprofit corporations for the rendering of professional health services on a basis as does not result in any profit or gain to the district from the services so rendered and as allows the board to ensure that fees and charges, if any, are reasonable, fair, and consistent with the basic commitment of the district to provide adequate health care to all residents within its boundaries.

32130.6.

Notwithstanding any other provision of law, a district may do any of the following by resolution adopted by a majority of the district board:

- (a) (1) Enter into a line of credit with a commercial lender that is secured, in whole or in part, by the accounts receivable or other intangible assets of the district, including anticipated tax revenues, and thereafter borrow funds against the line of credit to be used for any district purpose.
- (2) Any money borrowed under this line of credit pursuant to paragraph (1) shall be repaid within five years from each separate borrowing or draw upon the line of credit.
- (3) The district may enter into a new and separate line of credit to repay a previous line of credit pursuant to paragraph (1), provided that the district complies with this section in entering into a new line of credit.
- (4) Enter into a line of credit with a commercial lender for the sole purpose of consolidating debt incurred by the district prior to January 1, 2010. Debt incurred under this paragraph shall be repaid within 20 years of the consolidation borrowing. The total amount of debt that a district may have outstanding at any one time under this paragraph shall not exceed the amount of two million dollars (\$2,000,000).
- (b) Enter into capital leases for the purchase by the district of equipment to be used for any district purpose.
- (1) The term of any capital lease shall not be longer than 10 years.
- (2) The district may secure the purchase of equipment by a capital lease by giving the lender a security interest in the equipment leased under the capital lease.
- (c) Enter into lease-purchase agreements for the purchase by the district of real property, buildings, and facilities to be used for any district purpose. The term of any lease-purchase agreement shall not exceed 10 years.

(d) Nothing in this section shall provide the district with the authority to increase taxes in order to repay a line of credit established pursuant to subdivision (a) unless the tax is passed pursuant to Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

HSC § 32131:

The board of directors may maintain membership in any local, state or national group or association organized and operated for the promotion of the public health and welfare or the advancement of the efficiency of hospital administration, and in connection therewith pay dues and fees thereto.

HSC § 32132.9.

(a) Notwithstanding Section 32132 or any other law, upon approval by the board of directors of the Beach Cities Health District, the design-build process described in Chapter 4 (commencing with Section 22160) of Part 3 of Division 2 of the Public Contract Code may be used to assign contracts for the construction of facilities or other buildings in that district.

(b) For purposes of this section, all references in Chapter 4 (commencing with Section 22160) of Part 3 of Division 2 of the Public Contract Code to “local agency” shall mean the Beach Cities Health District and its board of directors.

(c) To the extent that any project utilizing the design-build process authorized by subdivision (a) is otherwise required to comply with the standards and requirements of the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 (Chapter 1 (commencing with Section 129675) of Part 7 of Division 107), this section shall not be construed as an exemption from that act.

(d) This section shall remain in effect only until January 1, 2023, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2023, deletes or extends that date.

At LAFCO’s request, BCHD representatives provided a chart (“Beach Cities Health District Services”) which documented those powers it believes it has exercised or is currently exercising. Other than more “general” district powers (i.e., to have a corporate seal, or to hire legal counsel), which are common to nearly all special districts, the documents provided examples of BCHD programs and services for the associated active services. Staff found the examples provided to be consistent with those services described in HRC § 32121, with the following modifications:

(l) To acquire, maintain, and operate ambulances or ambulance services within and without the district.

Under existing agreements, the district provides non-medicinal supplies (bandages, masks, gloves) to the ambulances operated and maintained by the fire departments in the three cities (Hermosa Beach, Manhattan Beach, and Redondo Beach). These services provided by the District, however, do not constitute the operation of ambulance or ambulance services; this activity is functionally equivalent to the District’s other grant programs, which provide funding to

various government agencies and non-profit organizations (the distinction is that these are *in-kind* contributions as opposed to *financial* contributions).

The PACE (Program for the All-Inclusive Care for the Elderly) program is a program which the District proposes to operate in the future. Members of the public contacted LAFCO relative to PACE, stating that PACE would constitute a “new service,” one which would require an application to, and approval, by the Commission. A review of the separate components of the PACE program, however, indicates that all of these components are already offered by the BCHD in existing programs, as documented in information provided to LAFCO, and as further reflected on BCHD’s website and in BCHD publications. For example, the District already provides on-site housing for senior citizens; both directly, as a partner in the Sunrise Assisted Living residences; and indirectly, through a tenant on the main campus which provides Alzheimer residential care. Further, the District employs a team of counselors who assist senior citizens to age in place; these counselors ensure that seniors within the district get access to medical care, nutritionists, and other assistance, both in terms of making contacts with providers, scheduling appointments, and arranging transportation.

With respect to eminent domain authority (HSC § 32121(d)), staff notes that the District was originally formed having eminent domain authority, which it utilized to acquire the property needed for the original hospital building. Eminent domain authority, therefore, was essential to the district’s formation; the district used it to acquire land on which to construct a hospital; and this occurred in the mid-1950s, which is eight (8) years prior to the State of California establishing a LAFCO in each county. Further, the sections in the Act involving new or different functions or classes of services were originally incorporated into the Act in 2001, and amended as recently as 2011. Given the foregoing, it is certain that eminent domain authority rests with the district.

The BCHD is not authorized to provide any and all other powers not specifically identified above, and which are those municipal services which the district is not already providing, or has not provided in the past; prior to recent changes in the Act, these existing functions or classes of services were known as “latent powers.” The BCHD is prohibited from exercising such new or different functions or classes of municipal services without the advance, written approval of the Commission pursuant to Government Code Sections 56824.10 through 56824.14, inclusive, and as addressed elsewhere in the Act.

As noted previously, HSC § 32121(j) states that a health care district has the following authority:

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district [emphasis added].

While this section states that a health care district may provide services outside its jurisdictional boundary, a health care district may not do unless and until it first secures the approval of the Commission (LAFCO), pursuant to Government Code § 56133.

## Municipal Service Review Determinations

Government Code Section 56430 requires LAFCO to “conduct a service review of the municipal services” and to “prepare a written statement of its determinations” relative to several factors below. This chapter addresses these factors and includes the recommended determinations.

### 1. Growth and Population Projections

Based upon 2020 Census data, the current population within the BCHD’s jurisdictional boundary is 126,858.<sup>24</sup>

According to the Southern California Association of Governments (SCAG), the projected population of this area is 129,719. This equals a very modest growth rate of 2.26% for the 2020-2035 period.<sup>25</sup> The increase in population in BCHD’s service territory is not expected to have a significant effect on the district’s ability to provide health and wellness services to its customers.

#### **Determinations:**

- The population within the boundaries of the BCHD is expected to grow at a very modest rate of 2.26% between now and 2035.
- The growth projected in the BCHD’s service territory is not expected to have a significant effect on the district’s ability to provide health and wellness services to its customers.

### 2. Location and Characteristics of Disadvantaged Unincorporated Communities

Pursuant to the State’s passage of Senate Bill 244, and as of January 1, 2012, LAFCOs are required to make determinations regarding Disadvantaged Unincorporated Communities (DUCs) for an Update of a Sphere of Influence. The law defines a DUC as a community with an annual median household income that is less than eighty percent (80%) of the statewide annual median household income. The law also requires that LAFCOs consider “the location and characteristics of any disadvantaged communities within or contiguous to the sphere of influence” when preparing an MSR.

The intent of SB 244 is to protect against the potential for cities and special districts to engage in a pattern of “selective” annexations which may lead to the establishment “service islands” in which disadvantaged residents receive inferior structural fire protection, municipal water, and sanitary sewage disposal and treatment services compared to adjoining areas within a city or district’s boundary. The BCHD’s focus on health and wellness programs is unrelated to these more traditional municipal services (fire, water, sanitation). There are no DUCs within or adjacent to the jurisdictional boundary of the BCHD (see Exhibit 6 on Page 44).<sup>26</sup>

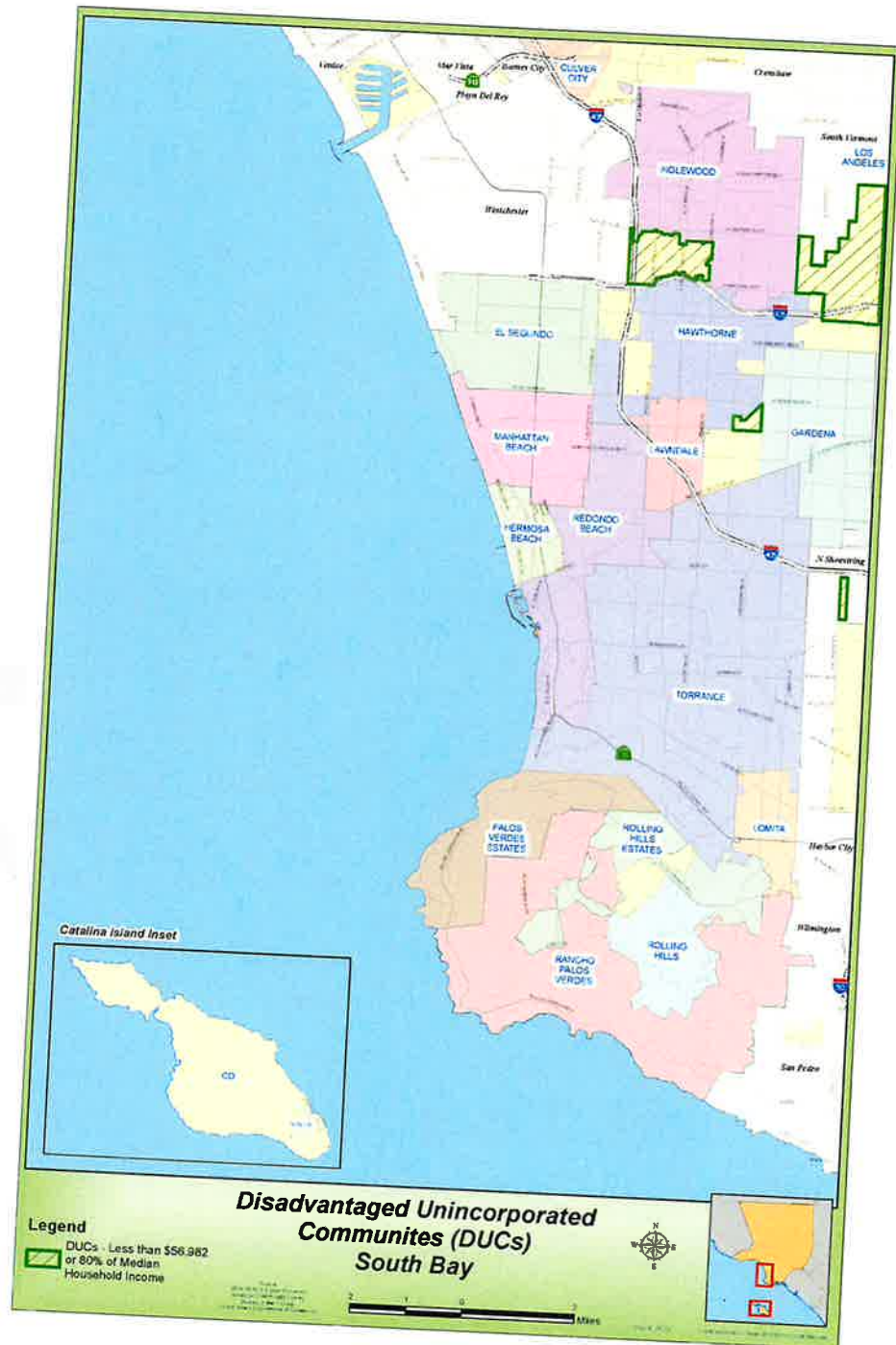
#### **Determinations:**

- The core services provided by the BCHD do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.

- There are no DUCs within or adjacent to the BCHD jurisdictional boundary.

### Exhibit 6

## Disadvantaged Unincorporated Communities (DUCs) South Bay





3. Present and Planned Capacity of Public Facilities; Adequacy of Public Services; Infrastructure Needs or Deficiencies

As District representatives publicly concede, the BCHD is at a turning point. The costs of maintenance, upkeep, and improvements on the existing former hospital building are escalating significantly every year. Based upon reports from qualified engineers, BCHD representatives have stated publicly that the former hospital building is in need of a costly seismic upgrade. The District is, therefore, faced with a choice: one, expend significant additional resources to improve the existing building, the costs of which, according to BCHD representatives, are prohibitive; two, demolish the former hospital building—the effect of which, according to BCHD representatives, would be a reduction in services, due to the loss of existing revenues; or three, demolish and replace the existing hospital building with a set of uses different than what is proposed in the current Healthy Living Campus proposal. Based upon the recommendations of its staff and outside consultants, the BCHD Board of Directors has decided to move forward with the second option, in the form of the proposed Healthy Living Campus described previously.

In this regard, it is fair to conclude that the present capacity of the existing public facilities on the main campus *is not* ideal for future utilization of the property. Whether or not the planned facilities will be ideal depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD, or not; in that regard, it is not easy to answer the question, given that the outcome of the project is unknown.

**Determinations:**

- It is clear that the BCHD Board of Directors must either expend significant additional resources to improve the existing hospital building, or to demolish and replace it.
- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- Should the Healthy Living Campus not move forward, and relative to the former hospital building, the BCHD's other options would be an "improvement" option (which district representatives assert is cost-prohibitive), or the "demolish and replace" option, which would involve demolishing the building and replacing it with some as yet undefined use or uses.
- The adequacy of public services in the future depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD; or whether the BCHD reverts to the "improvement" or "demolish and replace" option.

4. Financial Ability of Agency to Provide Services

Exhibit 7 on Page 46 excerpts noteworthy details of the BCHD's budgets for the last four (4) fiscal years (FY 2018-19, 2019-20, 2020-21, and 2021-22). These excerpts considered total revenue; total expenses; significant revenue sources, of which there are four (4) primary sources (property taxes, lease revenue, limited partnership revenue, and user fees revenue); and significant expenses, which consists of payroll expenses (on the "expense" side of the

budgets, all other expense categories pale in comparison to payroll expenses). These excerpts indicate:

- Total revenues have met or exceeded total expenses for the last four (4) fiscal years;
- The amount of total revenues has been reasonably constant over these four (4) years;
- Property taxes increased year-to-year, averaging a 6% increase overall;

(narrative continues on Page 47)

### Exhibit 7

#### BCHD – Budgetary Highlights

	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2019-20</u>	<u>Fiscal Year</u> <u>2020-21</u>	<u>Fiscal Year</u> <u>2021-22</u>
Total Revenues:	14,320,000	14,917,000	14,597,000	13,533,947
Total Expenses:	13,514,000	13,999,305	14,264,000	13,533,947
Significant Revenue Sources:				
Property Taxes	3,760,620	3,931,000	4,180,000	4,499,541
Percentage change (year-to-year)		5%	6%	8%
Lease Revenue	4,463,171	3,822,000	4,759,000	3,838,806
Percentage change (year-to-year)		-14%	25%	-19%
Limited Partnership Revenue	2,161,680	2,162,000	2,082,000	1,898,874
Percentage change (year-to-year)		0%	-4%	-9%
User Fees Revenue	2,880,985	2,994,000	2,994,000	1,331,778
Percentage change (year-to-year)		4%	0%	-56%
Significant Expenses:				
Payroll	6,400,076	6,856,096	4,948,479	6,837,703
Percentage change (year-to-year)		7%	-28%	38%



- Lease revenues have fluctuated significantly year-to-year;
- Limited partnership revenues have decreased significantly in the two most recent fiscal years;
- User fee revenue is down significantly in the most recent fiscal year, which is very likely due to decreased usership of BCHD facilities due to COVID restrictions; and
- Payroll has been reasonably constant over the four years, with the exception of Fiscal Year 2020-21, when it was significantly less, which is very likely due to decreased payroll costs during the COVID pandemic.<sup>27</sup>

The fact that revenues have exceeded expenses in the last four (4) years is noteworthy, as it avoids the need to borrow funds or utilize reserves. The constancy of revenues over the four (4) year period—which included the COVID pandemic—is also significant. The growth in property taxes is positive, and, more importantly, the district's property tax consultant is projecting a 3%-4% increase in property tax income over the next four (4) years (through Fiscal Year 2025-26).<sup>28</sup>

In its most recent budget (FY 2021-22), District representatives maintain that "three of the four sources of funding are still experiencing major effects from the COVID-19 Pandemic in lost lease income, recovering but still low User Fees, and continued reduced joint venture income from its partnership with Sunrise Assisted Living that also experienced health and operational hardship from the effects of COVID-19."<sup>29</sup> The decrease in lease revenues is nearly 20% in the most recent fiscal year, reflecting the loss of four (4) tenants; the decrease in limited partnership revenue is 9% in the most recent fiscal year, and the decrease in user fees is more than 50% in the most recent fiscal year. A recent audit identified BCHD's "unique funding model, where generally over 70% of the incoming funds are from other sources than property taxes, like tenant rental income and limited partnerships"<sup>30</sup> Although the reduction in revenue in is a cause for concern, they are the result of pandemic-related economic impacts; in this regard, these losses are temporary, and in no way unique to the BCHD. The reduction in payroll expenses in Fiscal Year 2020-21 is not a concern, as it was associated with reduced personnel costs during the COVID-19 pandemic.

BCHD provides a defined benefit pension plan for its employees, administered by CalPERS.

As District representatives have conceded, the BCHD is at a turning point. The cost of maintenance, upkeep, and improvements on the existing former hospital building are escalating significantly every year. The District is faced with a choice: one, expend significant additional resources to improve the existing building; or two, demolish and replace the existing hospital building. Based upon the recommendations of staff and outside consultants, the BCHD Board of Directors has decided to move forward with the second option, in the form of the proposed Healthy Living Campus described previously. This decision also increases the district's current costs, in the form of expenses associated with the proposed Healthy Living Campus: "[b]ased on the FY21-22 budget, the District Fund balance is projected to decrease by \$8 million due to its continued investment in long-term real property and development of the Healthy Living Campus."<sup>31</sup>

The decision to move forward with the Health Living Campus proposal is not without its critics, evidenced by the substantial public input on the matter provided to LAFCO. It is important to note, however, that the land-use issues—environmental impacts, General Plan and zoning requirements, neighborhood compatibility, and related matters—are entirely within the jurisdiction of the City of Redondo Beach, which has land-use authority over the BCHD campus. These matters are not within LAFCO's jurisdiction, as LAFCO is statutorily prohibited, by Government Code §56886, from intervening in land-use matters ("none of the following terms and conditions [associated with a LAFCO determination] shall directly regulate land use, property development or subdivision requirements)."

What is within LAFCO's jurisdiction is ascertaining whether the BCHD has the financial ability to provide services in the future. The answer depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD, or not; in that regard, it is not easy to answer the question, given that the outcome of the project is unknown. The record does indicate, however, that the BCHD Board and staff have given due consideration to both options (improving the existing hospital building or demolishing it and redeveloping the property); and, further, based upon that assessment, the Board has decided to move forward with the Healthy Living Campus project. Further, should the Healthy Living Campus not move forward, the BCHD would very likely be compelled to the "improvement" option or the "demolish and replace" option.

#### **Determinations:**

- The BCHD has maintained a relatively constant revenue stream over the last few years, despite some reductions associated with impacts of COVID-19 restrictions.
- Several of the District's primary funding sources experienced declines due to effects from the COVID-19 Pandemic.
- The District's property tax revenues has grown at a steady pace in recent years, and it is expected to continue to do so in the next few years.
- It is clear that the BCHD Board of Directors must either expend significant additional resources to improve the existing hospital building, or to demolish and replace it.
- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- Should the Healthy Living Campus not move forward, the BCHD would very likely be compelled to revert to the "improvement" option.
- The BCHD's financial ability to provide services in the future depends, almost entirely, on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD; or whether the BCHD reverts to the "improvement" or "demolish and replace" option.

5. Status of, and Opportunities for, Shared Facilities

The BCHD enjoys numerous partnerships, joint ventures, and shared facilities with other public agencies and non-profit organizations, as documented in Appendix A, on the district's website, and in its publications. The number of separate entities with which the BCHD partners is significant. While some of these are long-term in nature, many others are more short-term, depending on evolving circumstances (cooperative ventures arose recently, for example, because of the COVID-19 pandemic). In that regard—and while the district should remain open to future opportunities for shared facilities—it is difficult to identify and anticipate what those opportunities might be.

**Determination:**

- There are many opportunities for future shared facilities, to which the district should remain open and accommodating.

6. Accountability for Community Service Needs

The BCHD is governed by a five-member board of directors, elected on an at-large basis. The BCHD Board of Directors meets monthly on the last Wednesday of the month at 6:30 p.m. Board and committee meeting agendas are available on the BCHD website ([www.bchd.org](http://www.bchd.org)).

There are three (3) laws which require public agencies to post specific information to their website:

- Senate Bill 929 (2018) requires all independent special districts in California to create and maintain a website, which shall include specified information about the district, January of 2020;
- Senate Bill 272 (2015) requires that public agencies create a catalog of their enterprise systems (any software application or computer system that collects, stores, exchanges, and analyzes information that the agency uses), and post the catalog to the homepage of the agency's website; and
- AB 1728 (2018) requires health care districts to maintain a website which includes contact information, a list of board-members, meeting information, the adopted budget, the latest audit and annual financial reports, recipients of grant funding, the district's grant funding policies, and a copy of LAFCO's most recent MSR of the district (or a link to the MSR on LAFCO's website).

The District maintains a website which generally conforms to these requirements. Tests of the "search" function of the District's agendas indicates that searches produce agenda documents as far back as 2017 (five years). The only exception is that there is no link to the most recent LAFCO MSR (see "Determinations," below).

It is worth noting that the website contains an exhaustive amount of information: annual audits (since 2007-08), adopted annual budgets (since 2009-10), grants (since 2016-17); executive compensation; ethics certificates (AB 1234 compliance) for board-members; adopted financial policies; and a board agenda section which includes all agendas, agenda packets, minutes,

and, for more recent meetings, videos of board meeting. The sheer volume of information provided is noteworthy within the context of information available amongst all special district websites. The district's website includes the last several months of newsletters, and it is updated regularly.

Over the course of time when LAFCO was preparing this MSR, and in response to inquiries from LAFCO, BCHD representatives addressed deficiencies on its website. This included adding a section to the district's homepage to address the requirements of SB 272 and adding the "search" function to its Board agendas. The district also added a "Transparency" section under the "Who We Are" section of its website (see "Determinations," below).

The District's Board of Directors adopted a Purchasing Policy on February 27, 2019. Components of this policy include:

- Services of \$10,000 or less annually must follow the District's purchasing procedures;
- Services totaling between \$10,001 and \$25,000 must be negotiated and documented in a quote, proposal, agreement, or contract; must be submitted to the district's Finance Department; and require approval by the Chief Executive Officer.
- Services in excess of \$25,000 are subject to bidding requirements; must be negotiated and documented in a contract; in compliance with all requirements of California Health and Safety Code § 32312(a);
- Staff cannot award a contract for services greater than \$50,000 unless and until it obtains approval from the BCHD Board of Directors; and
- All bids must be posted to a local newspaper's website and/or published for two consecutive weeks in a local newspaper.<sup>32</sup>

In addition to posting/announcing solicitations/bids/Requests for Proposals/Requests for Qualifications in a local newspaper, the district should also post same to its website (see "Determinations," below).

The BCHD also distributes bi-monthly newsletters on health-related topics to the public.

The California Special District Association (CSDA) is a non-profit organization providing professional development, education, and advocacy on behalf of special districts. One of CSDA's program is its Transparency Certificate of Excellence, which the CSDA awards to special districts which have documented implementation of a number of measures which promote transparency. CSDA awarded the Transparency Certificate of Excellence to the BCHD in 2018, and renewed its certification in 2021.<sup>33</sup> Amongst other things, the certificate documents that the BCHD has met the following requirements:

- Board-Members have fulfilled requirements to receive annual ethics training;
- The district discloses all monetary reimbursements to Board-Member;
- BCHD performs audits on an annual basis;

- The District has adopted a policy to ensure compliance with the Ralph M. Brown Act;
- BCHD has adopted a policy to ensure compliance with the Public Records Act;
- The District has adopted a policy concerning financial reserves;
- BCHD has filed its Special Districts Financial Transactions Report (including compensation disclosure) with the State Controller's Office in a timely manner;
- The District's website includes all CSDA transparency requirements (i.e., description of election procedures, recent audits and budgets, SB 272 compliance, description of service area, etc.); and
- BCHD provides community outreach in at least two required manners, as specified by CSDA.

The CSDA Transparency Certificate of Excellence is valid for a period of three (3) years from the date of issuance.

A few members of the public emailed LAFCO stating their belief that the BCHD was not being responsive to requests for public information, as required by the Ralph M. Brown Act § 54950 et seq. On July 18, 2022, BCHD representatives provide LAFCO with a record of all public record requests since July of 2017, documenting the following:

- Members of the public submitted 1,412 total requests;
- The BCHD has replied to 1,328 requests;
- Thirty (30) requests were withdrawn; and
- Fifty-four (54) requests, in twenty (20) separate emails, remain in an "open" status, indicating that BCHD representatives are working to address the requests.

The statistics provided by BCHD reflect diligent and concerted effort by BCHD representatives to reply to all public records requests.

Some members of the public nevertheless continue to email LAFCO, stating that the BCHD is not fully complying with all requests. Given the back-and-forth amongst these stakeholders and the BCHD, it is difficult, if not impossible, for LAFCO to ascertain the accuracy of the statements by all parties. The allegations about the district's responsiveness to public records requests do not change an overall conclusion that the BCHD operates in a transparent manner.

#### **Determinations:**

- The BCHD operates in a transparent manner, and it is reasonably in compliance with applicable State law relative to the posting of meeting agendas and website requirements.



- The BCHD website contains an exhaustive amount of information, and substantially more than the average special district website.
- The BCHD Board of Directors should amend its Purchasing Policy to require that all solicitations/bids/Requests for Proposals/Requests for Qualifications for services in excess of \$25,000 should be posted to the district's website for at least two weeks prior to the deadline to submit bids/proposals (in addition to existing requirements to advertise in a local newspaper).
- Once adopted by the Commission and posted to LAFCO's website, the BCHD should update its website to include a copy of the MSR or a link to the MSR on LAFCO's website, as required by SB 272.
- The District should relocate the "Transparency" portion of the "Who We Are" section of its website to a prominent location on the homepage of its website.

7. Other Matters

The BCHD has been recognized by the following outside organizations:

- Association of California Healthcare Districts (ACHD) for Trustee of the Year (Vanessa Poster) in 2018, CEO of the Year (Tom Bakaly) in 2019, and District of the Year in 2021
- California Society of Municipal Finance Officers (CSMFO) 2021 Excellence Award for its Fiscal Year 2020-21 Operating Budget.
- California Special District Association "District of the Year" in 2021 for its emergency response providing COVID-19 testing and vaccinations, as well as providing timely COVID-19 information to the public.
- Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2020 (and for the second consecutive year).
- GFOA 2021 Distinguished Budget Presentation Award with a Special Performance Measures Recognition.<sup>34</sup>

The BCHD also maintains membership, and actively participates in, the California Special Districts Association (CSDA) and the Association of California Health Care Districts (ACHCD). A member of the BCHD Board of Directors serves on ACHCD's Board of Directors.

**Determinations:**

(No additional determinations)

### Sphere of Influence Update

In reviewing and updating the Beach Cities Health District Sphere of Influence, LAFCO is required to adopt written determinations relative to several factors specified in Government Code § 56425:

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

**Determinations:**

- The jurisdictional boundary of the BCHD includes the cities of Hermosa Beach, Manhattan Beach, and Redondo Beach.
- These three (3) cities are fully developed with a variety of uses: single- developed single-family residential, multiple-family residential, commercial, retail, and industrial space; public parks, beaches, recreation areas, and active open space; and several public beaches portions of the Angeles National Forest; the most northeasterly portion of the district is bisected by the San Diego (405) Freeway, and Pacific Coast Highway traverses the district's westerly perimeter in a north-south direction.
- There are not agricultural lands in the area.
- Given that the three (3) cities are densely developed and built out, the area is not expected to see substantial growth.

2. Present and probable need for public facilities and services in the area

**Determinations:**

- The region served by the BCHD will continue to require public facilities and services indefinitely, including the services provided by the BCHD.

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

**Determinations:**

- It is clear that the BCHD Board of Directors must either expend significant additional resources to improve the existing hospital building, or to demolish and replace it.
- The BCHD Board of Directors has chosen to demolish the existing hospital building and redevelop the main campus property as a means of improving the long-term budgetary prospects for the district, and the impacts of that decision are unknown at this time.
- Should the Healthy Living Campus not move forward, and relative to the former hospital building, the BCHD's other options would be the "improvement" option or the "demolish" option, as discussed herein.
- The BCHD's financial ability to provide services in the future depends, almost entirely,

on whether the Health Living Campus is approved by the City of Redondo Beach, and ultimately constructed by BCHD; or whether the BCHD reverts to the "improvement" or "demolish and replace" option.

4. Existence of any social or economic communities of interest in the area.

**Determinations:**

- There are multiple social and economic communities of interest in the area served by the BCHD.
- The BCHD provides its services in all portions of its district, regardless of whether the involved territory lies within, adjacent to, or outside of, a social and economic community of interest.

5. For cities or special districts that provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of Influence.

**Determinations:**

- There are no DUCs within the boundaries of the BCHD's jurisdictional boundary.
- The core services provided by the BCHD do not impact the present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI.

Beach Cities Health District SOI Recommendation:

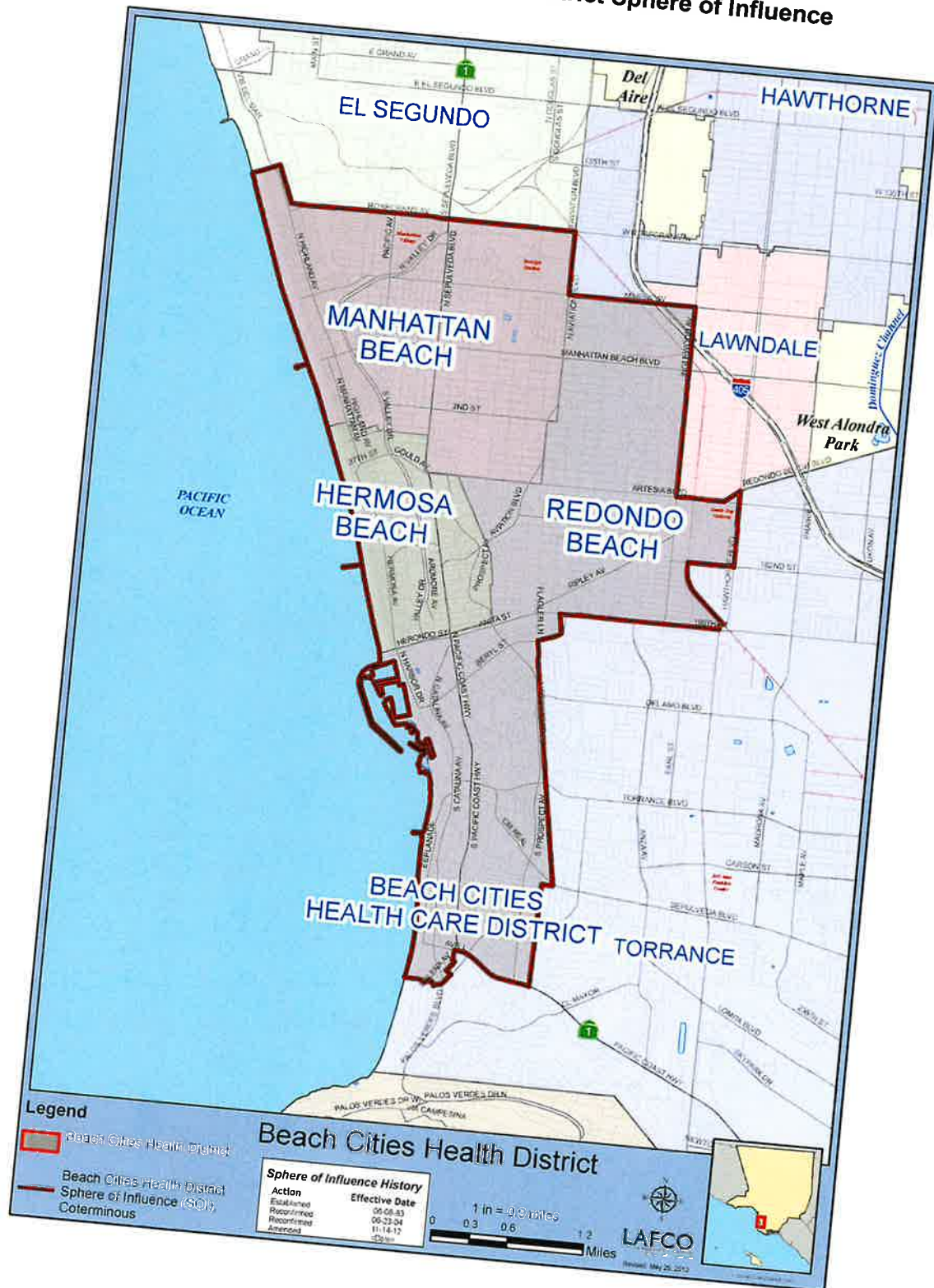
The existing SOI for the BCHD is a "Larger Than SOI," which is one in which the SOI includes territory which is outside the jurisdictional boundary of the involved agency. Staff recommends that the Commission amend the SOI for the BCHD to remove those areas within the SOI boundary that extend beyond the BCHD's jurisdictional boundary—generally including the cities of El Segundo, Gardena, Hawthorne, Lawndale, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, and Torrance; and the unincorporated communities of Del Aire, West Alondra Park, Westfield, and others. Adoption of this recommendation would establish a "Coterminous SOI," which is one in which the jurisdictional boundary and the SOI boundary are the same (as shown in Exhibit 8 on Page 55), and it is based upon the following considerations:

1. Since the adoption of the SOI in 1983, the BCHD has made no effort to expand its jurisdictional boundaries.
2. According to BCHD representatives, the BCHD has no interest in annexing additional territory into its jurisdictional boundary in the foreseeable future.



**Exhibit 8**

## Proposed Beach Cities Health District Sphere of Influence

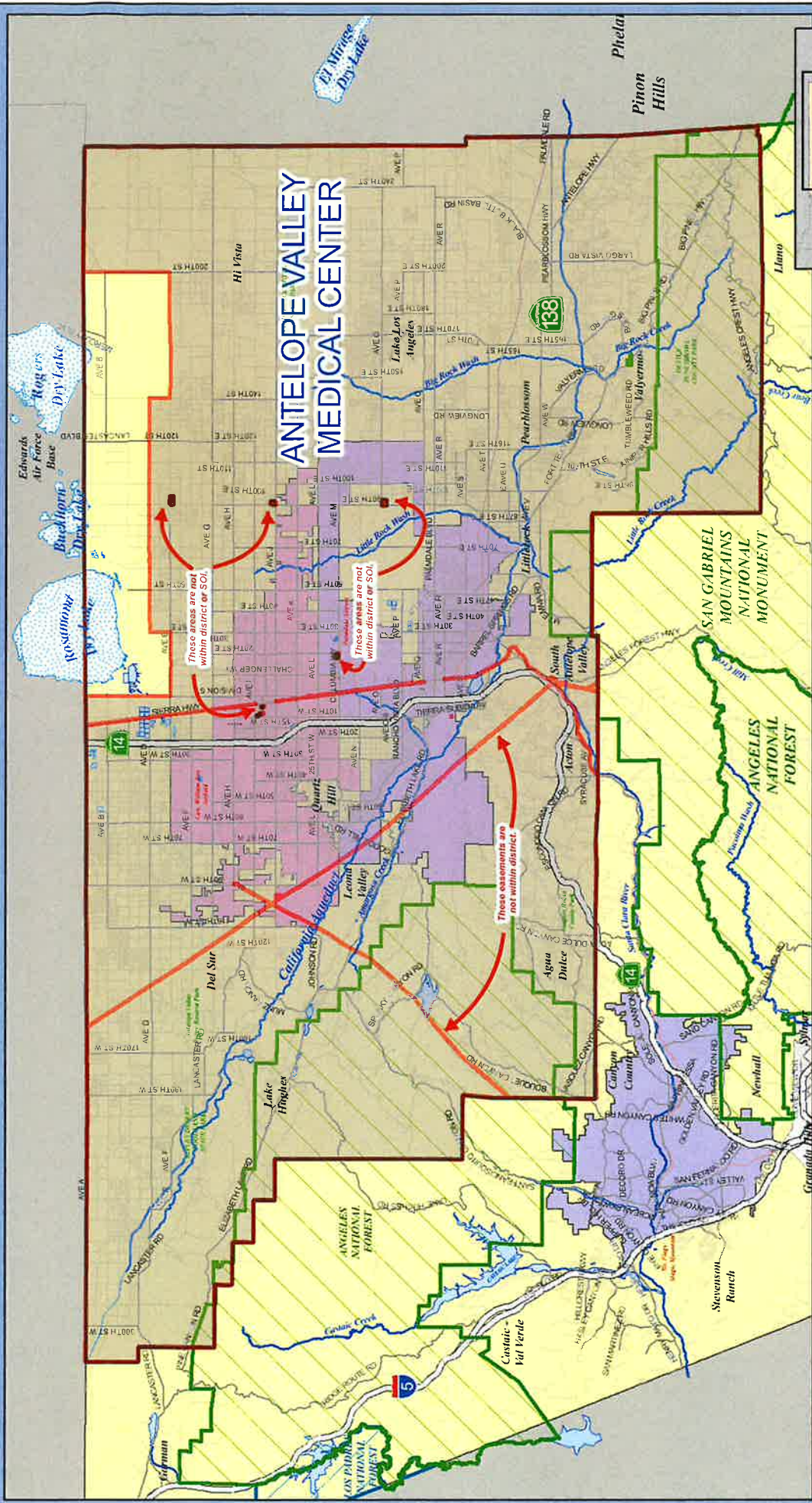


### Footnotes

1. Association of Healthcare Districts Website downloaded March 15, 2022.
2. Special Districts: Improving Oversight & Transparency, Report #239, August 2017. Little Hoover Commission, Pages 42-43.
3. Overview of Health Care Districts; Legislative Analyst's Office; April 11, 2012; Page 1.
4. Municipal Services Review of the Peninsula Health Care District and the Sequoia Healthcare District; Harvey M. Rose Associates, LLC, as presented to San Mateo LAFCO; May 24, 2017; Page 3.
5. Association of California Healthcare Districts Website downloaded March 15, 2022.
6. Special Districts: Improving Oversight & Transparency, Report #239, August 2017, Little Hoover Commission, Page 41; and Association of Healthcare Districts Website, downloaded March 15, 2022.
7. Antelope Valley Medical Center Website, downloaded May 16, 2022.
8. Ibid.
9. State of California Controller Website, downloaded May 16, 2022; and Meeting with AVMC Chief Executive Officer Edward Mirzabegian; June 14, 2022.
10. Meeting with AVMC Chief Executive Officer Edward Mirzabegian; June 14, 2022.
11. Meeting with AVMC Chief Executive Officer Edward Mirzabegian; June 14, 2022; and AVMC Fiscal Year 2022 Budget.
12. United States Department of Commerce, Census Bureau, 2020 Census.
13. Southern California Association of Governments (SCAG), 2020-2035 Population Projections.
14. Meeting with AVMC Chief Executive Officer Edward Mirzabegian; June 14, 2022.
15. E-mail from BCHD Director of Well-Being Services Jacqueline Sun to LAFCO Executive Officer Paul Novak; July 8, 2022.
16. Ibid.
17. BCHD Website, downloaded May 17, 2022.
18. Beach Cities Health District Capital Asset Description; provided to LAFCO by BCHD representatives; May 7, 2021.
19. BCHD Website, downloaded May 17, 2022.

20. BCHD PowerPoint Presentation on the Health Living Campus Project to the Board of Directors; November 17, 2021.
21. City of Redondo Beach Community Development Director Brandy Forbes and Planning Manager Sean Scully, Virtual Meeting, May 17, 2022.
22. BCHD Fiscal Year 2021-22 Budget, Page 236.
23. Beach Cities Health District Employee Roster; provided to LAFCO by BCHD representatives; May 7, 2021.
24. United States Department of Commerce, Census Bureau, 2020 Census.
25. Southern California Association of Governments (SCAG), 2020-2035 Population Projections.
26. Disadvantaged Unincorporated Communities (DUCs), South Bay, downloaded from LAFCO website, May 17, 2022.
27. BCHD Fiscal Year 2018-19 Budget, Fiscal Year 2019-20 Budget, Fiscal Year 2020-21 Budget, and Fiscal Year 2021-22 Budget; and email from BCHD Director of Well-Being Services Jacqueline Sun to LAFCO Executive Officer Paul Novak; August 4, 2022.
28. BCHD Fiscal Year 2021-22 Budget, Page 25.
29. BCHD Fiscal Year 2021-22 Budget, Page 21.
30. DavisFarr, Independent Auditor's Report, Management Discussion & Analysis, Page 4.
31. Ibid, Page 21.
32. BCHD Purchasing Policy, adopted by the BCHD Board on February 27, 2019; Pages 1 through 3.
33. E-mail from BCHD Director of Well-Being Services Jacqueline Sun to LAFCO Executive Officer Paul Novak; August 4, 2022.
34. BCHD Fiscal Year 2021-22 Budget, Pages 9-12.





# Legend

- Antelope Valley Medical Center
- Antelope Valley Medical Center
- Sphere of Influence (SOI)
- Angeles Natl. Forest (portion in LA Co.)
- Los Padres Natl. Forest (portion in LA Co.)

Sphere of Influence History	
Action	Effective Date
Established	11-23-83
Reconfirmed	06-23-04
Reconfirmed	11-14-12
Reconfirmed	<Date>

## Antelope Valley Medical Center

1 in = 6.8 miles

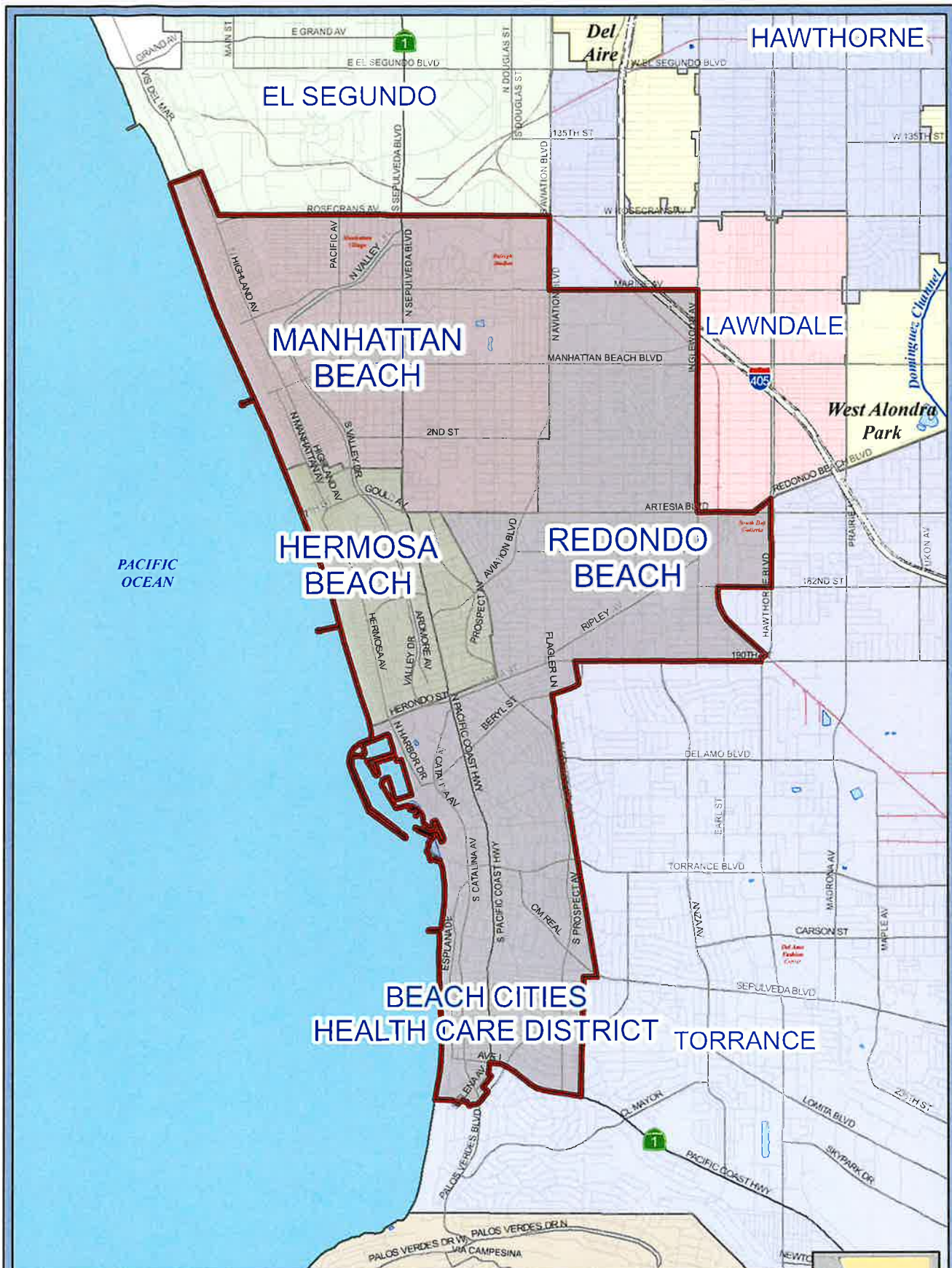


**LAFCO**  
LOCAL AGGREGATION  
FUNCTIONS COMMISSION



Revised: 10/20/2008  
C:\GIS\DATA\WORKSPACE\Map.doc





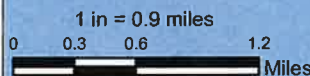
### Legend

- Beach Cities Health District
- Beach Cities Health District Sphere of Influence (SOI), Coterminous

## Beach Cities Health District

### Sphere of Influence History

Action	Effective Date
Established	06-08-93
Reconfirmed	06-23-04
Reconfirmed	11-14-12
Amended	<Date>



**LAFCO**  
 Long Beach Area  
 Federal Council of Governments  
 Revised 11-11-2007



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## Beach Cities Health District Services

<p><b><u>Code Section</u> setting forth</b>  <b>Classes of Services</b>  Only the statutes which empower the District to provide services directly or indirectly to the community it serves are listed below. The District utilizes and complies with other statutory provisions for purposes other than the direct or indirect provision of services (e.g., Design Build process 32132.9).</p>	<p><b>Specific Services</b>  This is not an exhaustive list. All partnerships, joint ventures and leases are supported by written contracts.</p>
<p>32121 (c) purchase, receive, have take, lease use property</p>	<p>BCHD owned:</p> <ul style="list-style-type: none"> <li>• 514 N Prospect Avenue Campus</li> <li>• 510 and 520 N Prospect Avenue (land)</li> <li>• AdventurePlex (1701 Marine Ave, Manhattan Beach)</li> <li>• Sunrise Assisted Living (1837 PCH, Hermosa Beach)</li> <li>• Leap and Bound Child Development Center (601 S PCH, Redondo Beach)</li> <li>• Venice Family Clinic- Federally Qualified Health Center (5114 Artesia Blvd, Redondo Beach)</li> </ul> <p>BCHD leased:</p> <ul style="list-style-type: none"> <li>• RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)</li> <li>• Leap and Bound Child Development Center</li> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• UCLA Health</li> <li>• Beach Cities Surgery Center</li> <li>• Silverado Senior Living (Memory Care)</li> <li>• Lisa Graziano, LMFT</li> <li>• Omnilore—learning-in-retirement for seniors</li> <li>• Community Psychiatry Management</li> <li>• 510/520 N Prospect Land Lease <ul style="list-style-type: none"> <li>○ Beach Cities Advanced Imaging</li> <li>○ Advanced Urology</li> <li>○ Advanced Oncology South Bay</li> <li>○ Reproductive Partners Medical Group</li> <li>○ Oceanside Acupuncture</li> <li>○ Savantcare Mental Health Clinic</li> <li>○ Labcorp—laboratory services</li> <li>○ Torrance Memorial Women’s Center</li> <li>○ Providence Family Medical Center</li> <li>○ Peak Orthopedic Physical Therapy</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ South Bay Pharmacy</li> <li>○ South Bay Eye Institute</li> <li>○ Beach Cities Dermatology</li> <li>○ Quest Diagnostics—laboratory services</li> <li>○ COR Healthcare medical Associates—Cardiology</li> </ul>
32121 (e) To establish one or more trusts for the benefit of the district	Yes, Public Agencies Post-Employment Benefits Trust (set-up in two trusts: Other Post-Employment Benefit 115 Trust & Pension Rate Stabilization Program 115 Trust)
32121 (i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.	<ul style="list-style-type: none"> <li>● Leap &amp; Bound Child Development Center</li> <li>● UCLA Health</li> <li>● Venice Family Clinic (Federally Qualified Health Center)</li> <li>● allcove youth wellness center</li> <li>● PACE (Program for All-Inclusive Care for the Elderly)</li> <li>● Beach Cities Surgery Center</li> </ul>
32121 (j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services including outpatient, retirement programs and other healthcare programs for the benefit of the people served by the district	<ul style="list-style-type: none"> <li>● Care Management</li> <li>● Enhanced Care Management</li> <li>● Assistance, Information and Referrals Hotline</li> <li>● Covered California Enrollment</li> <li>● Medically accredited exercise fitness facility</li> <li>● AdventurePlex—youth fitness facility</li> <li>● allcove: youth wellness center</li> <li>● RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)</li> <li>● RCFE: Healthy Living Campus (Assisted Living and Memory Care)</li> <li>● Beach Cities Surgery Center</li> <li>● PACE (Program for All-Inclusive Care for the Elderly) <ul style="list-style-type: none"> <li>○ Primary care</li> <li>○ Occupational and physical therapy</li> <li>○ Pharmacy</li> <li>○ Dental care</li> <li>○ Nutrition services</li> <li>○ Adult day care</li> <li>○ In-home supports</li> </ul> </li> <li>● Silverado Senior Living (Memory Care)</li> <li>● Homelessness services</li> <li>● Counseling services</li> <li>● Youth mental health services</li> <li>● Easter Seals—adult day care</li> <li>● In-Home services (for care management clients)</li> <li>● UCLA Health</li> <li>● South Bay Home Health Care—durable medical equipment</li> </ul>

	<ul style="list-style-type: none"> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• Lisa Graziano, MFT</li> <li>• Community Psychiatry Management</li> <li>• Beach Cities Advanced Imaging</li> <li>• South Bay Children's Health Center</li> <li>• Advanced Urology</li> <li>• Advanced Oncology South Bay</li> <li>• Reproductive Partners Medical Group</li> <li>• Oceanside Acupuncture</li> <li>• Savantcare Mental Health Clinic</li> <li>• Labcorp—laboratory services</li> <li>• Torrance Memorial Women's Center</li> <li>• Providence Family Medical Center</li> <li>• Peak Orthopedic Physical Therapy</li> <li>• South Bay Pharmacy</li> <li>• South Bay Eye Institute</li> <li>• Beach Cities Dermatology</li> <li>• Quest Diagnostics—laboratory services</li> <li>• COR Healthcare Medical Associates—Cardiology</li> </ul>
32121 (k) To do any and all other acts and things necessary to carry out this division.	Yes, see all other programs and services indicated in this chart
32121 (l) To acquire, maintain, and operate ambulances or ambulance services	While we do not operate ambulance services, we do have Fire Services Partnership Agreements with cities of Redondo Beach and Manhattan Beach in which we provide funding for medical equipment/supplies for ambulances and nurse education hours for paramedic training
32121 (m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.	<ul style="list-style-type: none"> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• Health promotions</li> <li>• Health and wellness education (e.g., parent education, healthy aging, substance use prevention)</li> <li>• Public health response—testing and vaccination (COVID/flu)</li> <li>• Blue Zones Project—community well-being Initiative</li> <li>• Adult mental and social-emotional health programs</li> <li>• Mental Health First Aid education and training</li> <li>• Youth nutrition education and garden programs</li> <li>• Youth social-emotional health program</li> <li>• Youth substance abuse prevention</li> <li>• Youth Juvenile Diversion Program</li> <li>• allcove youth wellness center</li> <li>• Worksite Wellness program</li> <li>• Nutrition education</li> <li>• Volunteer program</li> </ul>



	<ul style="list-style-type: none"> <li>• PACE (Program for All-Inclusive Care for the Elderly)</li> <li>• Care Management</li> <li>• Enhanced Care Management</li> <li>• RCFE: Healthy Living Campus (Assisted Living and Memory Care)</li> <li>• Health policy and legislative advocacy</li> <li>• Free Fitness summer series</li> <li>• Meals on Wheels—food security for older adults</li> <li>• South Bay Children’s Health Center</li> <li>• CPR/AED First Aid training</li> <li>• School district partnerships</li> <li>• Domestic Violence Advocacy Program</li> <li>• Critical Incident Response Team</li> <li>• Active transportation and street safety program</li> </ul>
32121 (n) To establish and operate in cooperation with its medical staff a coinsurance plan between the hospital district and the members of its attending medical staff	No, we do not currently perform this function.
32121 (o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.	<ul style="list-style-type: none"> <li>• RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)</li> <li>• RCFE: Healthy Living Campus (Assisted Living and Memory Care)</li> <li>• PACE (Program for All-Inclusive Care for the Elderly)</li> <li>• Beach Cities Surgery Center</li> <li>• Blue Zones Project</li> <li>• Juvenile Diversion Program</li> <li>• City of Manhattan Beach Fire Services</li> <li>• City of Redondo Beach Fire Services</li> <li>• Redondo Beach Domestic Violence Advocacy</li> <li>• Hermosa Beach City School District</li> <li>• Manhattan Beach Unified School District</li> <li>• Redondo Beach Unified School District</li> <li>• Redondo Beach Rotary Vision to Learn</li> <li>• Critical Incidence Response Team</li> <li>• Redondo Beach Homelessness Services</li> <li>• South Bay Bicycling Coalition Plus</li> </ul>
32121 (r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems	<p>BCHD Services</p> <ul style="list-style-type: none"> <li>• Center for Health and Fitness—Silver Sneakers through Medicare Advantage</li> <li>• Beach Cities Surgery Center (joint venture)</li> <li>• PACE (Program for All-Inclusive Care for the Elderly)</li> <li>• Allcove youth wellness center</li> </ul> <p>Leases/Tenants</p> <ul style="list-style-type: none"> <li>• UCLA Health</li> </ul>

	<ul style="list-style-type: none"> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• Lisa Graziano, MFT</li> <li>• Community Psychiatry Management</li> <li>• Beach Cities Advanced Imaging</li> <li>• Advanced Urology</li> <li>• Advanced Oncology South Bay</li> <li>• Reproductive Partners Medical Group</li> <li>• Oceanside Acupuncture</li> <li>• Savantcare Mental Health Clinic</li> <li>• Labcorp—laboratory services</li> <li>• Torrance Memorial Women’s Center</li> <li>• Providence Family Medical Center</li> <li>• Peak Orthopedic Physical Therapy</li> <li>• South Bay Pharmacy</li> <li>• South Bay Eye Institute</li> <li>• Beach Cities Dermatology</li> <li>• Quest Diagnostics— laboratory services</li> <li>• COR Healthcare medical Associates—Cardiology</li> </ul>
32121 (s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.	<ul style="list-style-type: none"> <li>• Yes, California Public Employee Retirement System Medical Plans</li> </ul>
32126.5 enter contracts with health providers, community services groups and physicians for the provision of health services	<ul style="list-style-type: none"> <li>• Silverado Senior Living (Memory Care)</li> <li>• RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)</li> <li>• RCFE: Healthy Living Campus (Assisted Living and Memory Care)</li> <li>• allcove youth wellness center</li> <li>• UCLA Health</li> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• Beach Cities Surgery Center</li> <li>• PACE (Program for All-Inclusive Care for the Elderly)</li> <li>• Enhanced Care Management</li> <li>• In-home services (e.g., non-medical home care, durable medical equipment)</li> <li>• Independent Contractor Agreements with healthcare providers and medical staff for vaccine and testing services</li> <li>• Non-Profit Grants</li> <li>• Service Partnerships <ul style="list-style-type: none"> <li>○ City of Manhattan Beach Fire Services</li> <li>○ City of Redondo Beach Fire Services</li> <li>○ Redondo Beach Domestic Violence Advocacy Program</li> <li>○ Hermosa Beach City School District</li> <li>○ Manhattan Beach Unified School District</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>○ Redondo Beach Unified School District</li><li>○ Redondo Beach Rotary Vision to Learn</li></ul>
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## Uses approved through Conditional Use Permits (CUP)

### Redondo Beach Planning Commission CUP issued November 1999

- Fitness center, educational facilities, an integrated medical clinic, administrative offices and medical offices

Section 2. This permit shall be void in the event that the applicant does not comply with the following conditions:

1. That the approval granted herein is for the conversion of space and use on the second, third and fourth floors of the north wing of hospital building from acute care facilities to new medical uses including a fitness center, educational facilities, an integrated medical clinic, administrative offices, and medical offices, as is reflected on the plans reviewed and approved by the Planning Commission at its meeting on November 18, 1999.

### Redondo Beach Planning Commission CUP issued May 2006

- Conversion of three floors of existing medical facility to a residential care facility (Assisted Living) with 84-beds on property located within a public-community facility (P-CF)

## RESOLUTION NO. 2006-05-PCR-020

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF REDONDO BEACH APPROVING A NEGATIVE DECLARATION AND GRANTING THE REQUESTS FOR A CONDITIONAL USE PERMIT AND PLANNING COMMISSION DESIGN REVIEW TO PERMIT THE CONVERSION OF THREE FLOORS OF AN EXISTING MEDICAL FACILITY TO A RESIDENTIAL CARE FACILITY (ASSISTED LIVING) WITH 84 BEDS ON PROPERTY LOCATED WITHIN A PUBLIC-COMMUNITY FACILITY (P-CF) ZONE AT 514 NORTH PROSPECT AVENUE (CASE NO. 2006-04-PC-017)**

### Redondo Beach Planning Commission CUP issued October 2010

- Expansion of Residential Care Facility within an existing medical building within a public-community facility (P-CF). Medical diagnostic use and a physical therapy use to an assisted residential care facility for seniors



Section 2. This permit shall be void in the event that the applicant does not comply with the following conditions:

1. That the approval granted herein is for the conversion of space and use on the first floor of the south tower of the most centrally located structure, known as 514 N. Prospect Avenue, from a medical diagnostic use and a physical therapy use to an assisted residential care facility for seniors, as is reflected on the plans reviewed and approved by the Planning Commission at its meeting on October 21, 2010.

## **Little Hoover Commission Report #239, August 2017: Special Districts: Improving Oversight and Transparency**

Exerpt from pg 46 of the report:

### **Beach Cities: Is This a Future of Healthcare Districts?**

The Beach Cities Health District, which serves residents of Hermosa Beach, Manhattan Beach and Redondo Beach, offers one hint of how districts might retool themselves. The district, established in 1955, has no hospital and calls itself “one of the largest preventive health agencies in the nation.” The district encourages and helps children walk to school, eat right and lose weight, provides relatively-low cost memberships at a district fitness center and helps older people remain living at home through personal visits and in-home care. The district’s innovative Blue Zones Project branding effort also encourages healthy habits at home and work and promotes local restaurants that offer nutritious menus. The district, which receives 73 percent of its revenue from fees and other sources beyond its \$3.1 million annual property tax base (2016), also makes grants to community partners.

Asked if critics who support closing districts without hospitals may be thinking narrowly and not understand shifts in healthcare, Dr. Michelle Bholat answered, “Yes.” In written comments provided to the Commission in November 2016, Dr. Bholat explained, “Beach Cities Health District successfully transitioned in 1998 from disease-focused care to preventive care health services – largely because research from the Centers for Disease Control shows 70 percent of chronic illnesses are preventable, and healthcare cost savings associated with keeping people healthy and out of hospitals are substantial. Currently, the U.S. spends roughly \$3 trillion annually on healthcare costs.”

The district counts a major success in reducing childhood obesity in Redondo Beach K-5 students from 20 percent of children in 2004 to 7 percent in 2016 by working closely with the district’s 21 public schools and parents. Parents attend district training and teach nutrition in schools, said Dr. Bholat. The district identifies gaps in Los Angeles County Department of Public Health Department services, uses science and data to target specific community needs and measures program impacts with data collection and analysis, she said.

Beach Cities, often considered a model for transitioning California healthcare districts to preventive care, operates a Community Services Department which connects children and underinsured adults to medical, dental and mental health services; a LiveWell Kids program that provides elementary school students with daily physical education, nutritional and gardening information and fresh fruits and vegetables; and a Center for Health and Fitness with 3,000 members and free visits for police officers, firefighters and lifeguards. Their Community Services Department also works with nearly 20 percent of residents 85 and older to stay healthy at home.

In June 2016, U.S. Surgeon General Vivek Murthy visited the district, and told representatives, “We tend to believe that America’s health problems are too big and intractable. You have proven that communities can take charge and reverse the trend.”

Sources: Beach Cities Healthcare District. “BCHD Overview.” <http://bchd.org/bchd-centers-programs/center-health-and-fitness>. Accessed July 22, 2016. Dr. Michelle Bholat. Board Member. Beach Cities Health District. November 8, 2016. Written comments to the Commission. On file. Personal conversation with Beach Cities Health District officials on December 7, 2016 and July 21, 2017.



**HEALTH AND SAFETY CODE - HSC**

**DIVISION 23. HOSPITAL DISTRICTS [32000 - 32499.4]**

*( Division 23 added by Stats. 1945, Ch. 932. )*

**CHAPTER 2. Board of Directors [32100 - 32155]**

*( Chapter 2 added by Stats. 1945, Ch. 932. )*

**ARTICLE 2. Powers [32121 - 32140]**

*( Article 2 added by Stats. 1945, Ch. 932. )*

**32121.1.**

By resolution, the board of directors of a local hospital district may delegate to its administrator the power to employ (subject to the pleasure of the board of directors), and discharge, such subordinate officers and employees as are necessary for the purpose of carrying on the normal functions of any hospital operated by the district.

This is a power and not a service. We do not carry out the normal functions of a hospital because we do not operate a hospital, but per the District's by-Laws, our CEO, Tom Bakaly is our administrator and has the authority to employee employees per HSC 32121(g).

**32121.2.**

Except as provided in this section, by resolution, the board of directors of a local hospital district may authorize the disposition of any surplus property of the district at fair market value by any method determined appropriate by the board.

The board of directors of a local hospital district may donate or sell, at less than fair market value, any surplus property to another local hospital district in California.

This is a power and not a service. We have not identified any of our land to be surplus land at this time. At our September 2021 Board meeting, the Board adopted a resolution declaring our property at 514 N Prospect Ave and Flagler Lane in Redondo Beach to be exempt surplus land, in accordance with the Surplus Land Act.

**32121.3.**

(a) Notwithstanding any other provision of law, a hospital district, or any affiliated nonprofit corporation upon a finding by the board of directors of the district that it will be in the best interests of the public health of the communities served by the district and in order to obtain a licensed physician and surgeon to practice in the communities served by the district, may do any of the following:

- (1) Guarantee to a physician and surgeon a minimum income for a period of no more than three years from the opening of the physician and surgeon's practice.
- (2) Guarantee purchases of necessary equipment by the physician and surgeon.

- (3) Provide reduced rental rates of office space in any building owned or leased by the district or any of its affiliated entities, or subsidize rental payments for office space in any other buildings, for a term of no more than three years.
  - (4) Provide other incentives to a physician and surgeon in exchange for consideration and upon terms and conditions the hospital district's board of directors deems reasonable and appropriate.
- (b) Any provision in a contract between a physician and surgeon and a hospital district or affiliated nonprofit corporation is void which does any of the following:
- (1) Imposes as a condition any requirement that the patients of the physician and surgeon, or a quota of the patients of the physician and surgeon, only be admitted to a specified hospital.
  - (2) Restricts the physician and surgeon from establishing staff privileges at, referring patients to, or generating business for another entity.
  - (3) Provides payment or other consideration to the physician and surgeon for the physician and surgeon's referral of patients to the district hospital or an affiliated nonprofit corporation.
- (c) Contracts between a physician and surgeon and a hospital district or affiliated nonprofit corporation that provide an inducement for the physician and surgeon to practice in the community served by the district hospital shall contain both of the following:
- (1) A provision which requires the inducement to be repaid with interest if the inducement is repayable.
  - (2) A provision which states that no payment or other consideration shall be made for the referral of patients to the district hospital or an affiliated nonprofit corporation.
- (d) To the extent that this section conflicts with Section 650 of the Business and Professions Code, Section 650 of the Business and Professions Code shall supersede this section.
- (e) The Legislature finds that this section is necessary to assist district hospitals to attract qualified physicians and surgeons to practice in the communities served by these hospitals, and that the health and welfare of the residents in these communities require these provisions.

**No, this is not a service we provide.**

#### **32121.4.**

Notwithstanding any other provision of law, a hospital district or any affiliated nonprofit corporation, upon a finding by the board of directors of the district that it will be in the best interests of the district to provide additional diversification of facilities, may lease and operate the realty, facilities, and business of another



hospital district in California, or create a leasehold interest in its own realty, improvements, and business in favor of another hospital district, if all of the following apply:

- (a) That the lease when taken together with any extensions of the lease shall not exceed a total of 30 years.
- (b) That the lessee district shall not finance any capital improvements through the use of the lessor district's credit.
- (c) That the lessor district shall have successfully completed any feasibility studies required by its board of directors as will reasonably ensure that the lessor hospital's financial stability will not be endangered by the lease transaction.
- (d) Nothing in this section shall be construed to impair or limit the authority of the California Medical Assistance Commission to contract for the provision of inpatient hospital services under the Medi-Cal program with local hospital district hospitals as sole distinct entities, even though one or more hospital districts may have entered into leasehold or joint-venture arrangements.

Any lease made pursuant to this section to one or more nonprofit corporations affiliated with a district, that is part of or contingent upon a transfer of 50 percent or more of the district's assets, in sum or by increment, to the affiliated nonprofit corporation shall be subject to the requirements of subdivision (p) of Section 32121.

No this is not a service that we provide.

#### **32121.5.**

(a) Notwithstanding any other provision of this division, a health care district may enter into a contract of employment with a hospital administrator, including a hospital administrator who is designated as chief executive officer, the duration of which shall not exceed four years, but which may periodically be renewed for a term of not more than four years.

(b) A contract entered into, or renewed, on or after January 1, 2014, shall not authorize retirement plan benefits to be paid to a hospital administrator, including a hospital administrator who is designated as chief executive officer, prior to his or her retirement.

This is a power and not a service. We do not carry out the normal functions of a hospital because we do not operate a hospital.

#### **32122.**

The board of directors may purchase all necessary surgical instruments and hospital equipment and equipment for nurses' homes and all other property necessary for equipping a hospital and nurses' home.

This is not a service we provide.

**32123.**

The board of directors may purchase such real property, and erect or rent and equip such buildings or building, room or rooms as may be necessary for the hospital.

The District does not currently operate a hospital so we view this as not applicable.

**32124.**

The board of directors may establish a nurses' training school in connection with the hospital, prescribe a course of study for such training and after the completion of the course, provide for the issuance of diplomas to graduate nurses.

This is not a service we provide.

**32125.**

(a) The board of directors shall be responsible for the operation of all health care facilities owned or leased by the district, according to the best interests of the public health and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of health care facilities under their management and all property belonging thereto and may prescribe the terms upon which patients may be admitted thereto. Minimum standards of operation as prescribed in this article shall be established and enforced by the board of directors.

We currently do not manage or operate health care facilities

(b) A district shall not contract to care for indigent county patients at below the cost for care. In setting the rates the board shall, insofar as possible, establish rates as will permit the district health care facilities to be operated upon a self-supporting basis. The board may establish different rates for residents of the district than for persons who do not reside within the district.

b) This is a power and not a service. We currently do not establish different rates for residents.

(c) Notwithstanding any other provision of law, unless prohibited from doing so by action of the board of directors, the chief executive officer may establish a task force to assist the chief executive officer in operating the district's facilities. The chief executive officer shall, if required to do so by action of the board, select task force members from individuals nominated by the board. Once established, the task force may be dissolved by action of the chief executive officer or the board. Any action by the board under this subdivision shall require four votes from a board on which there are five members or five votes from a board on which there are seven members.

This is a power and not a service. However, the District has advisory groups related to the operation of its facilities. Ex: Medical Advisory Committee

**32126.**

(a) The board of directors may provide for the operation and maintenance through tenants of the whole or any part of any hospital acquired or constructed by it pursuant to this division, and for that purpose may enter into any lease agreement that it believes will best serve the interest of the district. A lease entered into with one or more corporations for the operation of 50 percent or more of the district's hospital, or that is part of, or contingent upon, a transfer of 50 percent or more of the district's assets, in sum or by increment, as described in subdivision (p) of Section 32121, shall be subject to the requirements of subdivision (p) of Section 32121. Any lease for the operation of any hospital shall require the tenant or lessee to conform to, and abide by, Section 32128. No lease for the operation of an entire hospital shall run for a term in excess of 30 years. No lease for the operation of less than an entire hospital shall run for a term in excess of 10 years.

(b) Notwithstanding any other provision of law, a sublease, an assignment of an existing lease, or the release of a tenant or lessee from obligations under an existing lease in connection with an assignment of an existing lease shall not be subject to the requirements of subdivision (p) of Section 32121 so long as all of the following conditions are met:

- (1) The sublease or assignment of the existing lease otherwise remains in compliance with subdivision (a).
- (2) The district board determines that the total consideration that the district shall receive following the assignment or sublease, or as a result thereof, taking into account all monetary and other tangible and intangible consideration to be received by the district including, without limitation, all benefits to the communities served by the district, is no less than the total consideration that the district would have received under the existing lease.
- (3) The existing lease was entered into on or before July 1, 1984, upon approval of the board of directors following solicitation and review of no less than five offers from prospective tenants.
- (4) If substantial amendments are made to an existing lease in connection with the sublease or assignment of that existing lease, the amendments shall be fully discussed in advance of the district board's decision to adopt the amendments in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(c) A health care district shall report to the Attorney General, within 30 days of any lease of district assets to one or more corporations, the type of transaction and the entity to whom the assets were leased.

**We currently do not operate a hospital and we have no leases for the operation of a hospital.**

**32126.5.**

(a) The board of directors of a hospital district or any affiliated nonprofit corporation may do any of the following when it determines that the action is necessary for the provision of adequate health services to communities served by the district:

(1) Enter into contracts with health provider groups, community service groups, independent physicians and surgeons, and independent podiatrists, for the provision of health services.

(2) Provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community.

(3) Finance experiments with new methods of providing adequate health care.

(b) Nothing in this section shall authorize activities which corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Yes, these are services we provide, examples include:

- Silverado Senior Living (Memory Care)
- RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)
- RCFE: Healthy Living Campus (Assisted Living and Memory Care)
- allcove youth wellness center
- UCLA Health
- Venice Family Clinic (Federally Qualified Health Center)
- Beach Cities Surgery Center
- PACE (Program for All-Inclusive Care for the Elderly)
- Enhanced Care Management
- In-home services (e.g., non-medical home care, durable medical equipment)
- Independent Contractor Agreements with healthcare providers and medical staff for vaccine and testing services
- Non-Profit Grants
- Service Partnerships
  - City of Manhattan Beach Fire Services
  - City of Redondo Beach Fire Services
  - Redondo Beach Domestic Violence Advocacy Program
  - Hermosa Beach City School District
  - Manhattan Beach Unified School District
  - Redondo Beach Unified School District
  - Redondo Beach Rotary Vision to Learn

**32127**

The hospital district shall establish its own treasury and shall appoint a treasurer charged with the safekeeping and disbursal of the funds in the treasury of the



district. The board of directors shall fix the amount of the bond to be given by such treasurer and shall provide for the payment of the premium therefor out of the maintenance and operation fund.

All moneys derived from that portion, if any, of the annual tax or assessment levied for capital outlay purposes shall be placed in the capital outlay fund. Any moneys derived from a special tax or assessment levied under Article 3 of Chapter 3 hereof shall be placed in a special assessment fund and shall be used exclusively for the purposes for which such special tax or assessment was voted.

All moneys derived from the regular annual tax or assessment provided in Article 1, Chapter 3 hereof, except any part thereof levied for capital outlay purposes, shall be placed in the maintenance and operation fund. All receipts and revenues of any kind from the operation of the hospital shall be paid daily into the treasury of said district and placed in the maintenance and operation fund. Moneys in the maintenance and operation fund may be expended for any of the purposes of the district; provided, however, that no such moneys may be expended for new construction of additional patient bed capacity other than as authorized by Section 32221 hereof. Whenever it appears that the sum in the bond interest and sinking fund will be insufficient to pay the interest or principal of bonds next coming due and payable therefrom, a sum sufficient to pay such principal and interest shall be transferred by the board of directors from the maintenance and operation fund to said bond interest and sinking fund.

Except as to principal and interest of bonds, moneys in the treasury of the district shall be paid out by the treasurer, or such other officer or officers of the district, including the administrator, as may be authorized by the board. The treasurer shall keep such order as his voucher and shall keep accounts of all receipts into the district treasury and all disbursements therefrom.

Where bonds of the district are payable at the office of the district, all receipts from taxes levied to pay the principal and interest of such bonds shall be paid into the treasury of the district, and the treasurer of the district shall pay therefrom the principal and interest of such bonds.

Where bonds of the district are payable at the office of the county treasurer of the organizing county, at the option of the holder, or otherwise, all receipts from taxes levied to pay principal and interest of such bonds shall be paid into the treasury of the organizing county and shall be placed by the county treasurer in the bond interest and sinking fund of the district, and he shall pay the principal and interest of such bonds therefrom and shall keep an account of all moneys received into and paid out of said fund.

Any moneys in the treasury of the district and any moneys of the district in the bond interest and sinking fund of the district in the treasury of the organizing county may be deposited in accordance with the provisions of the general laws of the State of California governing the deposit of public moneys of cities or counties in such bank or banks in the State of California as may be authorized to receive deposits of public funds, in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks, and with like force and effect. **The board of directors of the district are authorized to create a**

**revolving fund which fund shall not exceed the sum of 10 percent of the estimated annual expenditures of the district at any one time and which shall be used for the purpose of paying the interim expenses of the operation of any hospital within the district without the necessity of a written order signed by the president and countersigned by the secretary as provided herein.** The treasurer is authorized to deposit said fund in such bank or banks in the county as may be authorized to receive deposits of public funds in the same manner and upon the same security as public moneys of cities and counties are deposited in such banks and with like force and effect, and shall be subject to withdrawal upon the signature of the treasurer, or such other official of the district as may be authorized by the board of directors, for the use and purpose provided for herein.

This is a power and not a service. However, yes, the District deposits and receives funds through a US Bank account authorized by the State of California. Per our District by-laws, the District appoints a board members as the treasurer/secretary.

#### **32127.1.**

Notwithstanding any other provision of law, the board of directors of any district which is licensed to have 85 beds and located within a county of 2,000,000 or more population, as determined by the 1950 census, may, without establishing a fund for capital outlays and without the approval of the district electors, use all or any funds in the possession of, or held by, the district on the effective date of the amendment made to this section at the 1967 Regular Session which were derived from previous tax levies, for the acquisition of additional patient bed capacity by lease or purchase of any hospital buildings or facilities or for new construction of additional patient bed capacity for an existing hospital.

This currently does not apply to the District.

#### **32127.2.**

Exclusively for the purpose of securing state insurance of financing for the construction of new health facilities, the expansion, modernization, renovation, remodeling and alteration of existing health facilities, and the initial equipping of any such health facilities under Chapter 1 (commencing with Section 129000) of Part 6 of Division 107, and notwithstanding any provision of this division or any other provision or holding of law, the board of directors of any district may (a) borrow money or credit, or issue bonds, as well as by the financing methods specified in this division, and (b) execute in favor of the state first mortgages, first deeds of trust, and other necessary security interests as the Office of Statewide Health Planning and Development may reasonably require in respect to a health facility project property as security for the insurance. No payments of principal, interest, insurance premium and inspection fees, and all other costs of state-insured loans obtained under the authorization of this section shall be made from funds derived from the district's power to tax. It is hereby declared that the authorizations for the executing of the mortgages, deeds of trust and other necessary security agreements by the board and for the enforcement of the state's rights thereunder is in the public interest in order to preserve and promote the health, welfare, and safety of the people of this state by providing, without cost to

the state, a state insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the rational meeting of the critical need for new, expanded and modernized public health facilities.

(a) Exclusively for the purpose of securing federal mortgage insurance, federal loans, federal loans or grants or guaranteed loans issued pursuant to the federal Consolidated Farm and Rural Development Act (7 U.S.C. Sec. 1921, et seq.), as amended by Public Law 109-171 on February 8, 2006, or federally insured loans issued pursuant to the National Housing Act (12 U.S.C. Secs. 1715w and 1715z-7) for financing or refinancing the construction of new health facilities, the expansion, modernization, renovation, remodeling, or alteration of existing health facilities, and the initial equipping of those health facilities under the federal mortgage insurance programs as are now or may hereafter become available to a local hospital district, and notwithstanding any provision of this division, or any other provision or holding of law, the board of directors of any district may do either or both of the following:

(1) Borrow money or issue bonds, in addition to other financing methods authorized under this division.

(2) Execute, in favor of the United States, appropriate federal agency, or federally designated mortgagor, first mortgages, first deeds of trust, or other necessary security interests as the federal government may reasonably require with respect to a health facility project property as security for that insurance.

(b) No payments of principal, interest, insurance premiums and inspection fees, and all other costs of financing obtained as authorized by this section shall be made from funds derived from the district's power to tax.

(c) The Legislature hereby determines and declares that the authorizations for executing the mortgages, deeds of trust, or other necessary security agreements by the board and for the enforcement of the federal government's rights thereunder are in the public interest in order to preserve and promote the health, welfare, and safety of the people of the state by providing, without cost to the state, a federal mortgage insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the critical need for new, expanded, and modernized public health facilities to be met.

(d) The Legislature further determines and declares that the United States, appropriate federal agency, or federally designated mortgagor named as beneficiary of any first mortgage or other security interest delivered as authorized by this section is not a private person or body within the meaning of Section 11 of Article XI of the California Constitution.

**This is a power and not a service. The District currently does not have any outstanding revenue bonds.**

**32127.5.**



(a) Upon the adoption of a resolution of the board of directors of the district so providing, all funds on hand in the treasury of the district may, be paid over to the county treasurer of the county in which the district was organized, in which case and from and after the date of the adoption of such resolution the functions of the district treasurer shall be performed by the county treasurer. Except as to principal and interest of bonds, moneys in the treasury of the district shall be paid out by the county treasurer for purposes of the district upon warrants issued by the county auditor on orders signed by the president of the district and countersigned by the secretary of the district.

(b) At any time, the district board may, by resolution, reestablish the office of district treasurer and, upon receipt of a copy of such resolution, notwithstanding any other provision of law, the county treasurer shall transfer all funds of the district to the district treasurer.

This is a power and not a service. This is not currently applicable as the District has its own treasurer.

### **32129.**

Notwithstanding the provisions of the Medical Practice Act, the board of directors of a **hospital district** or any affiliated nonprofit corporation may contract with physicians and surgeons, podiatrists, health care provider groups, and nonprofit corporations for the rendering of professional health services on a basis as does not result in any profit or gain to the district from the services so rendered and as allows the board to ensure that fees and charges, if any, are reasonable, fair, and consistent with the basic commitment of the district to provide adequate health care to all residents within its boundaries.

The District is currently contracting with health care providers, healthcare provider groups and physicians, including the following:

- Dr. William Kim, BCHD Chief Medical Advisor
- Independent Contractor Agreements with healthcare providers and medical staff for vaccine and testing services
- Silverado Senior Living (Memory Care)
- RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)
- UCLA Health
- Venice Family Clinic (Federally Qualified Health Center)
- Beach Cities Surgery Center
- allcove Youth Wellness Center

### **32129.5.**

Notwithstanding any other provision of law, the board of directors of a hospital district or any affiliated nonprofit corporation may contract with a physician and surgeon or podiatrist for the rendering of professional services in the hospital, for the purpose of assuring that a physician and surgeon or podiatrist will be on duty in an outpatient emergency department maintained by the hospital, on a basis as does not result in any profit or gain to the district from the professional services of the physician and surgeon. For purposes of this section, the contract with the



podiatrist shall be for those services which the podiatrist is licensed to practice pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code.

**This does not apply to the District as we do not currently operate a hospital.**

### **32130.**

A district may borrow money and incur indebtedness in an amount not to exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income received by the district, from whatever source derived. The money borrowed and indebtedness incurred under this section shall be repaid within the same fiscal year.

**This is a power and not a service. However, the District is not currently borrowing money under this section.**

### **32130.1.**

A district is also authorized, when funds are needed to meet current expenses of maintenance and operation, to borrow money on certificates of indebtedness or other evidence of indebtedness in an amount not to exceed five cents (\$0.05) on each one hundred dollars (\$100) of assessed valuation of the district, the certificates of indebtedness to run for a period not to exceed five years and to bear interest not to exceed the rate prescribed in Section 53531 of the Government Code.

All certificates of indebtedness or other evidence of indebtedness shall be issued after the adoption by a three-fifths vote of the board of directors of the district of a resolution setting forth the necessity for the borrowing and the amount of the assessed valuation of the district and the amount of funds to be borrowed thereon. All certificates of indebtedness or other evidence of indebtedness shall be offered at public sale by the board of directors of the district after not less than 10 days advertising in a newspaper of general circulation within the district and if no newspaper of general circulation is printed within the district, then in a newspaper of general circulation within the county in which the district is located. Each sale shall be made to the bidder offering the lowest rate of interest or whose bid represents the lowest net cost to the district. However, the rate of interest shall not exceed the rate prescribed in Section 53531 of the Government Code.

The certificates of indebtedness or other evidences of indebtedness shall be signed on behalf of the district by the presiding officer and attested by the secretary of the board of directors of the district. The board of supervisors of the county in which the district lies shall, at the time of fixing the general tax levy, sometimes called the annual assessment or regular annual assessment for the district, and in the manner for the general tax levy provided, levy and collect annually each year until the certificates of indebtedness or other evidences of indebtedness are paid or until there is a sum in the treasury set apart for that purpose sufficient to meet all sums coming due for principal and interest on the certificates of indebtedness or other evidences of indebtedness, tax sufficient to pay the interest on the certificates of

indebtedness as the same become due and also, to constitute a sinking fund for the payment of the principal thereof at maturity. The tax shall be in addition to all of the taxes levied for district purposes and shall be placed in a certificate of indebtedness, interest and sinking fund of the district and, until all of the principal of the interest and certificates of indebtedness is paid, the money in the fund shall be used for no other purpose than the payment of the certificates of indebtedness and accruing interest thereon.

**This is a power and not a service. However, the District is not currently borrowing money under this section.**

### **32130.2.**

(a) A district may, by resolution adopted by a majority of the district board, issue negotiable promissory notes to acquire funds for any district purposes subject to the restrictions and requirements imposed by this section. The maturity of the promissory notes shall not be later than 10 years from the date thereof. The total aggregate amount of the notes outstanding at any one time shall not exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income of the district. Indebtedness incurred pursuant to any other provision of law shall be disregarded in computing the aggregate amount of notes that may be issued pursuant to this section.

(b) Negotiable promissory notes may be issued pursuant to this section for any capital outlay facility, equipment, or item which has a useful life equal to, or longer than, the term of the notes, as determined by the board of directors.

(c) The maximum annual interest rate which may be paid on negotiable promissory notes shall at no time exceed the amount authorized under Section 53531 of the Government Code.

**This is a power and not a service. However, the District is not currently borrowing money under this section.**

### **32130.5.**

The first board of directors of a district may, within a period of two years from and after the formation of the district, pursuant to a resolution adopted by it for the purpose, borrow money on certificates of indebtedness, promissory notes, or other evidences of indebtedness, in anticipation of the estimated tax revenue for the following fiscal year, to be repaid within two years from the date of borrowing with interest at a rate not to exceed 5 percent per annum, in order to enable the district to meet all of its necessary initial expenses of organization, construction, acquisition, maintenance, and operation. The total amount of money borrowed and indebtedness incurred under this section and Section 32130 during this two-year period shall not exceed 50 percent of the total amount of estimated tax revenue as estimated by the county auditor or auditors of the county or counties in which the district lies for the following fiscal year.

The provisions of Section 32130 are applicable in respect to any indebtedness incurred under this section to the extent that they are consistent with this section.

This is a power and not a service. However, the District is not currently borrowing money under this section.

**32130.6.**

Notwithstanding any other provision of law, a district may do any of the following by resolution adopted by a majority of the district board:

(a) (1) Enter into a line of credit with a commercial lender that is secured, in whole or in part, by the accounts receivable or other intangible assets of the district, including anticipated tax revenues, and thereafter borrow funds against the line of credit to be used for any district purpose.

(2) Any money borrowed under this line of credit pursuant to paragraph (1) shall be repaid within five years from each separate borrowing or draw upon the line of credit.

(3) The district may enter into a new and separate line of credit to repay a previous line of credit pursuant to paragraph (1), provided that the district complies with this section in entering into a new line of credit.

(4) Enter into a line of credit with a commercial lender for the sole purpose of consolidating debt incurred by the district prior to January 1, 2010. Debt incurred under this paragraph shall be repaid within 20 years of the consolidation borrowing. The total amount of debt that a district may have outstanding at any one time under this paragraph shall not exceed the amount of two million dollars (\$2,000,000).

(b) Enter into capital leases for the purchase by the district of equipment to be used for any district purpose.

(1) The term of any capital lease shall not be longer than 10 years.

(2) The district may secure the purchase of equipment by a capital lease by giving the lender a security interest in the equipment leased under the capital lease.

(c) Enter into lease-purchase agreements for the purchase by the district of real property, buildings, and facilities to be used for any district purpose. The term of any lease-purchase agreement shall not exceed 10 years.

(d) Nothing in this section shall provide the district with the authority to increase taxes in order to repay a line of credit established pursuant to subdivision (a) unless the tax is passed pursuant to Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

This is a power and not a service. However, the District is not currently borrowing money under this section.

**32131.**

The board of directors may maintain membership in any local, state or national group or association organized and operated for the promotion of the public health

and welfare or the advancement of the efficiency of hospital administration, and in connection therewith pay dues and fees thereto.

This is a power and not a service. However, yes, BCHD participates in associations including California Special Districts Association, Association of California Healthcare Districts, Wellness Council of America, Government Finance Officers Association, California Society of Municipal Finance Officers, and local Chambers of Commerce.



## Beach Cities Health District Services

<p><b>Code Section setting forth</b></p> <p><b>Classes of Services</b></p> <p>Only the statutes which empower the District to provide services directly or indirectly to the community it serves are listed below. The District utilizes and complies with other statutory provisions for purposes other than the direct or indirect provision of services (e.g., Design Build process 32132.9).</p>	<p><b>Specific Services</b></p> <p>This is not an exhaustive list. All partnerships, joint ventures and leases are supported by written contracts.</p>
<p>32121 (c) purchase, receive, have take, lease use property</p>	<p>BCHD owned:</p> <ul style="list-style-type: none"> <li>• 514 N Prospect Avenue Campus</li> <li>• 510 and 520 N Prospect Avenue (land)</li> <li>• AdventurePlex (1701 Marine Ave, Manhattan Beach)</li> <li>• Sunrise Assisted Living (1837 PCH, Hermosa Beach)</li> <li>• Leap and Bound Child Development Center (601 S PCH, Redondo Beach)</li> <li>• Venice Family Clinic- Federally Qualified Health Center (5114 Artesia Blvd, Redondo Beach)</li> </ul> <p>BCHD leased:</p> <ul style="list-style-type: none"> <li>• RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)</li> <li>• Leap and Bound Child Development Center</li> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• UCLA Health</li> <li>• Beach Cities Surgery Center</li> <li>• Silverado Senior Living (Memory Care)</li> <li>• Lisa Graziano, LMFT</li> <li>• Omnilore—learning-in-retirement for seniors</li> <li>• Community Psychiatry Management</li> <li>• 510/520 N Prospect Land Lease <ul style="list-style-type: none"> <li>○ Beach Cities Advanced Imaging</li> <li>○ Advanced Urology</li> <li>○ Advanced Oncology South Bay</li> <li>○ Reproductive Partners Medical Group</li> <li>○ Oceanside Acupuncture</li> <li>○ Savantcare Mental Health Clinic</li> <li>○ Labcorp—laboratory services</li> <li>○ Torrance Memorial Women’s Center</li> <li>○ Providence Family Medical Center</li> <li>○ Peak Orthopedic Physical Therapy</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ South Bay Pharmacy</li> <li>○ South Bay Eye Institute</li> <li>○ Beach Cities Dermatology</li> <li>○ Quest Diagnostics—laboratory services</li> <li>○ COR Healthcare medical Associates—Cardiology</li> </ul>
32121 (e) To establish one or more trusts for the benefit of the district	Yes, Public Agencies Post-Employment Benefits Trust (set-up in two trusts: Other Post-Employment Benefit 115 Trust & Pension Rate Stabilization Program 115 Trust)
32121 (i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.	<ul style="list-style-type: none"> <li>• Leap &amp; Bound Child Development Center</li> <li>• UCLA Health</li> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• allcove youth wellness center</li> <li>• PACE (Program for All-Inclusive Care for the Elderly)</li> <li>• Beach Cities Surgery Center</li> </ul>
32121 (j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services including outpatient, retirement programs and other healthcare programs for the benefit of the people served by the district	<ul style="list-style-type: none"> <li>• Care Management</li> <li>• Enhanced Care Management</li> <li>• Assistance, Information and Referrals Hotline</li> <li>• Covered California Enrollment</li> <li>• Medically accredited exercise fitness facility</li> <li>• AdventurePlex—youth fitness facility</li> <li>• allcove: youth wellness center</li> <li>• RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)</li> <li>• RCFE: Healthy Living Campus (Assisted Living and Memory Care)</li> <li>• Beach Cities Surgery Center</li> <li>• PACE (Program for All-Inclusive Care for the Elderly) <ul style="list-style-type: none"> <li>○ Primary care</li> <li>○ Occupational and physical therapy</li> <li>○ Pharmacy</li> <li>○ Dental care</li> <li>○ Nutrition services</li> <li>○ Adult day care</li> <li>○ In-home supports</li> </ul> </li> <li>• Silverado Senior Living (Memory Care)</li> <li>• Homelessness services</li> <li>• Counseling services</li> <li>• Youth mental health services</li> <li>• Easter Seals—adult day care</li> <li>• In-Home services (for care management clients)</li> <li>• UCLA Health</li> <li>• South Bay Home Health Care—durable medical equipment</li> </ul>



	<ul style="list-style-type: none"> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• Lisa Graziano, MFT</li> <li>• Community Psychiatry Management</li> <li>• Beach Cities Advanced Imaging</li> <li>• South Bay Children's Health Center</li> <li>• Advanced Urology</li> <li>• Advanced Oncology South Bay</li> <li>• Reproductive Partners Medical Group</li> <li>• Oceanside Acupuncture</li> <li>• Savantcare Mental Health Clinic</li> <li>• Labcorp—laboratory services</li> <li>• Torrance Memorial Women's Center</li> <li>• Providence Family Medical Center</li> <li>• Peak Orthopedic Physical Therapy</li> <li>• South Bay Pharmacy</li> <li>• South Bay Eye Institute</li> <li>• Beach Cities Dermatology</li> <li>• Quest Diagnostics—laboratory services</li> <li>• COR Healthcare Medical Associates—Cardiology</li> </ul>
32121 (k) To do any and all other acts and things necessary to carry out this division.	Yes, see all other programs and services indicated in this chart
32121 (l) To acquire, maintain, and operate ambulances or ambulance services	While we do not operate ambulance services, we do have Fire Services Partnership Agreements with cities of Redondo Beach and Manhattan Beach in which we provide funding for medical equipment/supplies for ambulances and nurse education hours for paramedic training
32121 (m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.	<ul style="list-style-type: none"> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• Health promotions</li> <li>• Health and wellness education (e.g., parent education, healthy aging, substance use prevention)</li> <li>• Public health response—testing and vaccination (COVID/flu)</li> <li>• Blue Zones Project—community well-being Initiative</li> <li>• Adult mental and social-emotional health programs</li> <li>• Mental Health First Aid education and training</li> <li>• Youth nutrition education and garden programs</li> <li>• Youth social-emotional health program</li> <li>• Youth substance abuse prevention</li> <li>• Youth Juvenile Diversion Program</li> <li>• allcove youth wellness center</li> <li>• Worksite Wellness program</li> <li>• Nutrition education</li> <li>• Volunteer program</li> </ul>

	<ul style="list-style-type: none"> <li>• PACE (Program for All-Inclusive Care for the Elderly)</li> <li>• Care Management</li> <li>• Enhanced Care Management</li> <li>• RCFE: Healthy Living Campus (Assisted Living and Memory Care)</li> <li>• Health policy and legislative advocacy</li> <li>• Free Fitness summer series</li> <li>• Meals on Wheels—food security for older adults</li> <li>• South Bay Children’s Health Center</li> <li>• CPR/AED First Aid training</li> <li>• School district partnerships</li> <li>• Domestic Violence Advocacy Program</li> <li>• Critical Incident Response Team</li> <li>• Active transportation and street safety program</li> </ul>
32121 (n) To establish and operate in cooperation with its medical staff a coinsurance plan between the hospital district and the members of its attending medical staff	No, we do not currently perform this function.
32121 (o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.	<ul style="list-style-type: none"> <li>• RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)</li> <li>• RCFE: Healthy Living Campus (Assisted Living and Memory Care)</li> <li>• PACE (Program for All-Inclusive Care for the Elderly)</li> <li>• Beach Cities Surgery Center</li> <li>• Blue Zones Project</li> <li>• Juvenile Diversion Program</li> <li>• City of Manhattan Beach Fire Services</li> <li>• City of Redondo Beach Fire Services</li> <li>• Redondo Beach Domestic Violence Advocacy</li> <li>• Hermosa Beach City School District</li> <li>• Manhattan Beach Unified School District</li> <li>• Redondo Beach Unified School District</li> <li>• Redondo Beach Rotary Vision to Learn</li> <li>• Critical Incidence Response Team</li> <li>• Redondo Beach Homelessness Services</li> <li>• South Bay Bicycling Coalition Plus</li> </ul>
32121 (r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems	<p>BCHD Services</p> <ul style="list-style-type: none"> <li>• Center for Health and Fitness—Silver Sneakers through Medicare Advantage</li> <li>• Beach Cities Surgery Center (joint venture)</li> <li>• PACE (Program for All-Inclusive Care for the Elderly)</li> <li>• Allcove youth wellness center</li> </ul> <p>Leases/Tenants</p> <ul style="list-style-type: none"> <li>• UCLA Health</li> </ul>



	<ul style="list-style-type: none"> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• Lisa Graziano, MFT</li> <li>• Community Psychiatry Management</li> <li>• Beach Cities Advanced Imaging</li> <li>• Advanced Urology</li> <li>• Advanced Oncology South Bay</li> <li>• Reproductive Partners Medical Group</li> <li>• Oceanside Acupuncture</li> <li>• Savantcare Mental Health Clinic</li> <li>• Labcorp—laboratory services</li> <li>• Torrance Memorial Women’s Center</li> <li>• Providence Family Medical Center</li> <li>• Peak Orthopedic Physical Therapy</li> <li>• South Bay Pharmacy</li> <li>• South Bay Eye Institute</li> <li>• Beach Cities Dermatology</li> <li>• Quest Diagnostics— laboratory services</li> <li>• COR Healthcare medical Associates—Cardiology</li> </ul>
32121 (s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.	<ul style="list-style-type: none"> <li>• Yes, California Public Employee Retirement System Medical Plans</li> </ul>
32126.5 enter contracts with health providers, community services groups and physicians for the provision of health services	<ul style="list-style-type: none"> <li>• Silverado Senior Living (Memory Care)</li> <li>• RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)</li> <li>• RCFE: Healthy Living Campus (Assisted Living and Memory Care)</li> <li>• allcove youth wellness center</li> <li>• UCLA Health</li> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• Beach Cities Surgery Center</li> <li>• PACE (Program for All-Inclusive Care for the Elderly)</li> <li>• Enhanced Care Management</li> <li>• In-home services (e.g., non-medical home care, durable medical equipment)</li> <li>• Independent Contractor Agreements with healthcare providers and medical staff for vaccine and testing services</li> <li>• Non-Profit Grants</li> <li>• Service Partnerships <ul style="list-style-type: none"> <li>○ City of Manhattan Beach Fire Services</li> <li>○ City of Redondo Beach Fire Services</li> <li>○ Redondo Beach Domestic Violence Advocacy Program</li> <li>○ Hermosa Beach City School District</li> <li>○ Manhattan Beach Unified School District</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Redondo Beach Unified School District</li> <li>○ Redondo Beach Rotary Vision to Learn</li> </ul>
32129 contract with physicians, healthcare provider groups, nonprofits to render professional health services	<p>The District is currently contracting with health care providers, healthcare provider groups and physicians, including the following:</p> <ul style="list-style-type: none"> <li>• Dr. William Kim, BCHD Chief Medical Advisor</li> <li>• Independent Contractor Agreements with healthcare providers and medical staff for vaccine and testing services</li> <li>• Silverado Senior Living (Memory Care)</li> <li>• RCFE: Sunrise Assisted Living (Assisted Living and Memory Care)</li> <li>• UCLA Health</li> <li>• Venice Family Clinic (Federally Qualified Health Center)</li> <li>• Beach Cities Surgery Center</li> <li>• allcove Youth Wellness Center</li> </ul>

In addition to existing functions and classes of services, BCHD has exercised and continues to exercise various powers authorized by its enabling statutes, including without limitation the ability to acquire property by eminent domain, to issue bonds or otherwise obtain financing for BCHD projects, and to use the design-build process for the construction of facilities or other buildings. The exercise of these powers allows BCHD to provide those services contemplated under BCHD's existing functions and classes of services.

<b>Health and Safety Code Section</b>	<b>Examples of other statutory powers BCHD exercises or has exercised</b>
32121 (d) Eminent domain	The property for the District hospital was obtained by eminent domain
32127 appointing treasurer charged with safekeeping of funds	the District deposits and receives funds through a US Bank account authorized by the State of California. Per our District by-laws, the District appoints a board members as the treasurer/secretary.
32127.2 borrowing money and issuing bonds	In 1956 a bond was passed by the voters to develop the South Bay Hospital
32130.6 lines of credit, capital leases, lease-purchase agreements	The District exercises the powers of capital leases, lease-purchase agreements and lines of credit through the leasing of fitness equipment and phone systems and our purchasing cards, etc.
32131 board may maintain membership in associations	BCHD participates in associations including California Special Districts Association, Association of California Healthcare Districts, Wellness Council of America, Government Finance Officers Association, California Society of Municipal Finance Officers, and local Chambers of Commerce.
32132.9 Design-Build	Design-Build authority is being utilized for the Healthy Living Campus project

## **Staff Report**

**September 14, 2022**

### **Agenda Item No. 9.a.**

#### **Resolution Authorizing Remote Teleconference Meetings of the Commission and Making Required Findings**

AB 361 amended Section 54953 of the Government Code, effective on October 1, 2021, to modify requirements of the Ralph M. Brown Act. The provisions of AB 361 allow the legislative bodies of public agencies—including the Commission—to continue to meet in a virtual format, so long as a State declaration of emergency is in effect, state or local officials have imposed or recommended measures to promote social distancing, and/or the Commission makes required findings. Additionally, AB 361 requires the Commission to take additional measures to ensure that the public is provided access to Commission meetings.

Given on-going concerns caused by the COVID-19 pandemic, as documented in the draft resolution (attached), including the ongoing state-wide declared emergency, and recommendations and requirements on a state-wide and local basis to socially distance, staff recommends that the Commission conduct today's meeting (September 14, 2022) and the October meeting (October 12, 2022) in a virtual format. Today's resolution mirrors the resolution adopted by the Commission at prior meetings.

With respect to public access to virtual meetings, the Commission has implemented measures to comply with Section 54953(e) of the Government Code, including the following:

1. Post all Commission agendas to the Commission website, at least three (3) calendar days in advance of each meeting, and approximately five (5) to seven (7) calendar days in advance of each meeting;
2. As has been its practice for all in-person Commission meetings, post a hard copy of the Commission agenda at the Kenneth P. Hahn Hall of Administration (500 West Temple Street, Los Angeles, California) at least three (3) calendar days in advance of each meeting, and approximately five (5) to seven (7) calendar days in advance of each meeting;
3. Provide information on the Commission agenda which enables the public to access Commission meetings by phone, computer, tablet, and/or other electronic device;
4. E-mail a copy of the Commission agenda package to those individuals who have requested to be notified in advance of all Commission meetings;
5. E-mail a copy of the Commission agenda package to any parties requesting notice for a particular Commission meeting;

6. Monitor incoming mail from the United States Postal Service for any public communications relative to an upcoming Commission meeting, up to and including the afternoon before each Commission meeting;
7. Monitor incoming electronic mail that is received in LAFCO's "Information" email account, both before each Commission meeting, and during each Commission meeting;
8. Monitor the phone lines and internet-based connection through the duration of the Commission meeting, for members of the public who have joined and wish to comment during the public comment period; and
9. Ensure that all members of the public are afforded an opportunity to address the Commission during each Commission meeting.

These measures, which the Commission has implemented for virtual meetings since June of 2020, ensure that the public is afforded ample opportunity to provide input to the Commission.

Consistent with your Commission's instruction at the July 13<sup>th</sup> Meeting, staff agendaized today's Meeting (September 14<sup>th</sup>), and plans to agendaize the next month's Meeting (October 12<sup>th</sup>), in a virtual format. Because of the declared state-wide emergency and the state and local requirements and recommendations for social distancing, a virtual meeting is authorized by Government Code § 54953(e).

**Recommended Action:**

1. Adopt the attached "RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY OF LOS ANGELES AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODY OF THE LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY OF LOS ANGELES FOR THE MEETINGS OF SEPTEMBER 14, 2022; AND OCTOBER 12, 2022; PURSUANT TO THE RALPH M. BROWN ACT."

**Attachment:**

- Draft "RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY OF LOS ANGELES AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODY OF THE LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY OF LOS ANGELES FOR THE MEETINGS OF SEPTEMBER 14, 2022; AND OCTOBER 12, 2022; PURSUANT TO THE RALPH M. BROWN ACT."

**RESOLUTION NO. 2022-00RMD**  
**RESOLUTION OF THE LOCAL AGENCY FORMATION**  
**COMMISSION FOR THE COUNTY OF LOS ANGELES AUTHORIZING REMOTE TELECONFERENCE**  
**MEETINGS OF THE LEGISLATIVE BODY OF THE LOCAL AGENCY FORMATION COMMISSION FOR**  
**THE COUNTY OF LOS ANGELES FOR THE MEETINGS OF SEPTEMBER 14, 2022; AND OCTOBER 12,**  
**2022; PURSUANT TO THE RALPH M. BROWN ACT**

WHEREAS, the Local Agency Formation Commission for the County of Los Angeles (“LAFCO” or “Commission”) is committed to preserving and nurturing public access and participation in meetings of the Commission; and

WHEREAS, all meetings of the Commission are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the Commission conduct its business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions and requirements; and

WHEREAS, a required condition of Government Code Section 54953(e) is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, it is further a required condition of Government Code Section 54953(e) that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body holds a meeting to determine by majority vote that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, because such conditions now exist in Los Angeles County and throughout the state, a State of Emergency has been proclaimed by Governor Gavin Newsom on March 4, 2020, addressing the threats to public health and safety associated with the COVID-19 pandemic in California, and prescribing certain measures to protect the health and safety of all state residents, and said State of Emergency remains in full force and effect; and

WHEREAS, the California Department of Industrial Relations has issued regulations, at Title 8 of the California Code of Regulations Section 3205(c)(5)(D), making recommendations for physical (social) distancing in the workplace as a measure to decrease the spread of COVID-19, given that particles containing the virus can travel more than six feet, especially indoors; and

WHEREAS, the Los Angeles County Public Health Officer has issued guidance for the business community, "Covid-19 Ongoing Requirements for Employers – Los Angeles County Department of Public Health," which recommends that employers implement policies and practices that support physical distancing for all employees, regardless of vaccination status when a major outbreak occurs and to implement safety modifications, including physical distancing and utilizing partitions that minimize the employee's contact with customers and other employees when three or more employees at a worksite contract Covid-19; and

WHEREAS, as a consequence of the foregoing, the Commission does hereby find that it shall conduct its meetings without complying with Government Code Section 54953(b)(3), as authorized by Government Code Section 54953(e), and that the Commission shall comply with the requirements to provide the public with access to the meetings as prescribed in Government Code Section 54953(e)(2).

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Recitals set forth above are true and correct and are hereby incorporated into this Resolution by reference.
2. The Commission hereby determines that there is an active, proclaimed state of emergency throughout the State of California due to the ongoing COVID-19 pandemic; and that state and local officials have imposed or recommended measures to promote social distancing.
3. The Commission is hereby authorized to conduct its open and public meetings by teleconference in compliance with the provisions of Government Code Section 54953(e).
4. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of either October 13, 2022 (thirty days from today), or such time as the Commission adopts a subsequent resolution in accordance with Government Code Section 54953(e)(3) to extend the time during which the legislative body of the Commission may continue to teleconference without compliance with Government Code Section 54953(b)(3).
5. The Commission shall conduct its meetings of September 14, 2022; and October 12, 2022; by teleconference in compliance with the provisions of Government Code Section 54953(e).

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PASSED AND ADOPTED this 14<sup>th</sup> day of September, 2022.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

ABSENT:

MOTION PASSES: 0/0/0

**LOCAL AGENCY FORMATION COMMISSION  
FOR THE COUNTY OF LOS ANGELES**

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**Paul A. Novak, AICP  
Executive Officer**



## **Staff Report**

**September 14, 2022**

**Agenda Item No. 9.b.**

### **Annual Election of Officers**

Section 10 of the Rules of the Commission (adopted July 8, 2009) state that “the Commission shall be presided over by a Chair, a First Vice-Chair and a Second Vice-Chair, to be elected by the Commission.” Section 11 of the Rules states that the Commission “shall elect the Chair, First Vice-Chair and Second Vice-Chair at the first meeting of the Commission held in September of each year.”

The Chair position is currently vacant, due to the passing of former Chair Jerry Gladbach. Commissioner Donald Dear, the Commission’s current First Vice-Chair, is serving as Acting Chair; and Commissioner Gerard McCallum is the current Second Vice-Chair.

For the past few years, the then-current slate of officers (Commissioners Gladbach, Dear, and McCallum) have been re-appointed unanimously.

Consistent with how this item has been considered in prior years, and at the Acting Chair’s discretion, the Executive Officer may be asked to conduct this matter for purposes of nominations and voting.

#### **Recommended Action:**

1. Nominate and elect a member to serve as LAFCO Chair for a term of one year and until the election of a successor;
2. Nominate and elect a member to serve as LAFCO First Vice-Chair for a term of one year and until the election of a successor; and
3. Nominate and elect a member to serve as LAFCO Second Vice-Chair for a term of one year and until the election of a successor.

**Staff Report  
September 14, 2022**

**Agenda Item No. 9.c.**

**Appointment Schedule (Independent Special District Voting Member)**

The passing of Commissioner Jerry Gladbach created a vacancy for the independent special district voting member. The vacancy is for an unexpired term which will conclude on May 4, 2026. The schedule to fill this vacancy is attached.

The Executive Officer has appointed Bill Kruse (an attorney with Lagerlof, LLP) to conduct the election to appoint a new Voting Member on a *pro bono* basis (copy attached). Mr. Kruse has conducted prior elections for LAFCO going back several years.

Given the need to allow ample time for nominations and voting, all of which occurs through the mail, and requires action of independent special district boards at public meetings, this process will not conclude until December 2, 2022, as shown on the attached Independent Special District Appointment Schedule. Staff anticipates that the new Voting Member representing independent special districts will sit at his or her first Commission meeting on January 11, 2023.

**Attachments:**

- Independent Special District Appointment Schedule
- July 20, 2022 Letter from Paul Novak to Bill Kruse

**Recommended Action:**

Staff recommends that the Commission:

1. Receive and file the Appointment Schedule Staff Report.

**Local Agency Formation for the County of Los Angeles**

**Voting Member representing Independent Special Districts <sup>1</sup>**

**Appointment Schedule**

<b>Wednesday, July 27, 2022:</b>	<b>Appointment Process Commences</b> Open nomination Period Mail Nomination Memorandum
<b>Wednesday, September 21, 2022:</b>	<b>Close Nomination Period</b> Nominations due by 5:00 p.m.
<b>Monday, September 26, 2022:</b>	<b>Open Voting Period</b> Mail ballots
<b>Wednesday, November 30, 2022:</b>	<b>Close Voting Period</b> Ballots due by 5:00 p.m.
<b>Friday, December 2, 2022:</b>	<b>Appointment Process Concludes</b> Mail Results Memorandum Post Results to LAFCO Website

<sup>1</sup> *This position is for the remainder of a four-year term which will conclude on Monday, May 4, 2026. This position was formerly held by Jerry Gladbach, who passed away on July 13, 2022.*



Local Agency Formation Commission  
for the County of Los Angeles

Voting Members

Jerry Gladbach  
Chair

Donald Dear  
1st Vice-Chair

Gerard McCallum  
2nd Vice-Chair

Kathryn Barger  
Richard Close  
Margaret Finlay  
John Mirisch  
Holly Mitchell  
Vacant  
(City of Los Angeles)

Alternate Members

Lori Brogin-Falley  
Michael Davitt  
Janice Hahn  
David Lesser  
Mel Matthews  
Vacant  
(City of Los Angeles)

Staff

Paul Novak  
Executive Officer

Adriana Romo  
Deputy Executive Officer

Amber De La Torre  
Doug Dorado  
Adriana Flores  
Alisha O'Brien

80 South Lake Avenue  
Suite 870  
Pasadena, CA 91101  
Phone: 626/204-6500  
Fax: 626/204-6507

[www.lalafco.org](http://www.lalafco.org)

July 20, 2022

William F. Kruse, Esq.  
Lagerlof, Senecal, Gosney & Kruse, LLP  
155 No. Lake Avenue  
11th Floor  
Pasadena, CA 91101

Dear Bill:

I am writing to follow-up on our communications about the vacancy created by the passing of Voting Member Jerry Gladbach. As we discussed, the vacancy for this unexpired term will conclude on Monday, May 4, 2026.

Consistent with authority found in Government Code §56332(g), I hereby appoint you to conduct the election as my designee. You are authorized to solicit nominations from all independent special districts in Los Angeles County, mail ballots to each independent district, and arrange for the return of nominations and ballots to your office. You and I will then meet to count ballots and announce the results as we have done for prior appointments. I am most grateful for your willingness to serve in this capacity at no cost to LAFCO.

Today I will email you LAFCO's current list of the independent special districts in Los Angeles County. I would be grateful if you would copy me on all correspondence relative to the solicitation of nominations and conduct of the election. Once you send out the nomination package, I will post the schedule to LAFCO's website.

Should you require additional information, please contact me or LAFCO Deputy Officer Adriana Romo.

Thank you.

Sincerely,

A handwritten signature in blue ink that reads "P. Novak".

Paul A. Novak, AICP  
Executive Officer

Copy to: Honorable LAFCO Commissioners  
Adriana Romo, Deputy Executive Officer

## **Staff Report**

**September 14, 2022**

### **Agenda Item No. 9.d.**

#### **California Association of Local Agency Formation Commissions (“CALAFCO”) Annual Conference: Appointment of Voting Representative and Alternate**

CALAFCO is governed by a sixteen (16) member board of directors. Each of the four CALAFCO regions (Central, Coastal, Northern, and Southern) appoints four commissioners, one each from a County, city, special district, and public representative. The Southern Region includes the six LAFCOs in the Southern Region (Imperial, Los Angeles, Orange, Riverside, San Bernardino, and San Diego).

CALAFCO requires each LAFCO to appoint a voting delegate and an alternate for voting purposes. The CALAFCO Annual Conference—to be held in Newport Beach on October 19-21, 2022—is the venue for LAFCO representatives to elect commissioners to serve upcoming two-year terms on the CALAFCO Board of Directors, as well as any other business which may come before the membership at the annual business meeting on Thursday, October 20<sup>th</sup>.

In the past, the Commission has appointed one of the Commission Officers (Chair, First Vice Chair, and Second Vice Chair) as the voting delegate and the Executive Officer as the alternate. At this time, Commissioners John Mirisch and Francine Oschin plan to attend the conference; given his lengthier tenure, staff recommends that the Commission appoint Commissioner Mirisch as the voting delegate; and Executive Officer Paul Novak as the alternate.

Consistent with its approach for the past several years, Southern Region representatives met previously to reach a consensus for upcoming terms on the CALAFCO Board of Directors. At that meeting, representatives (including LA LAFCO) voted to support the two incumbents: (Fontana Mayor Acquanetta Warren (City Member/San Bernardino LAFCO), and Derek McGregor (Public Member/Orange LAFCO). Staff anticipates that the voting delegate (or alternate) would support the two incumbents at the formal vote at the CALAFCO Annual Conference.

#### **Recommended Action:**

1. Designate Commissioner John Mirisch as the voting delegate, and Executive Officer Paul Novak as the alternate, for purposes of representing the Commission at the annual business meeting held on Thursday, October 20<sup>th</sup> of the CALAFCO Annual Conference; and
2. Direct the Executive Officer to notify CALAFCO of these appointments.

**Staff Report**  
**September 14, 2022**

**Agenda Item No. 10.a.**  
**Legislative Update**

Bills on which the Commission has taken a position:

- **AB 2957 (Committee on Local Government):** Introduced on March 2, 2022, AB 2957 is the annual Omnibus Bill, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO), and introduced by the Assembly Local Government Committee. As introduced, the bill contains three (3) items, and CALAFCO's Legislative Committee is working to have the bill amended to include two (2) additional items (all five of which have been reviewed and approved by the CALAFCO Legislative Committee and Board of Directors). Governor Newsom signed AB 2957 on June 21<sup>st</sup>, and its provisions will take effect on January 1, 2023.

Commission Position: **SUPPORT**  
(Meeting of March 9, 2022)

**SB 938 (Hertzberg):** This bill consolidates various sections of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 addressing protest proceedings into one section of the Act, make conforming changes, and remove obsolete provisions. SB 938 is sponsored by CALAFCO. On March 24, 2022, Senator Hertzberg amended the bill to change the protest threshold for a Commission-initiated dissolution of a special district, from the current ten percent (10%) to twenty-five percent (25%), consistent with a dissolution proposal for which a proposal has been filed with LAFCO. **SB 938 was signed into law by Governor Newsom on July 1, 2022**, and its provisions will take effect on January 1, 2023.

Commission Position: **SUPPORT**  
(Meeting of March 9, 2022)

- **AB 2449 (Rubio, Blanca):** Assemblymember Rubio introduced AB 2449 on February 17, 2022. AB 2449 is sponsored by the Three Valleys Municipal Water District (TVMWD). AB 2449 would authorize local agencies to continue to use teleconferencing, subject to requirements for notice, agenda, and the means and manners of access. **The Assembly concurred in the Senate amendments, approving the final version of AB 2449 on August 25, 2022. The bill is awaiting action by Governor Newsom. LAFCO is a signatory (one of many) on a coalition letter to the Governor requesting his approval.**

Commission Position: **SUPPORT**  
(Meeting of March 9, 2022)

**Recommended Action:**

Staff recommends that the Commission:

1. Receive and file the Legislative Update.

**Staff Report**  
**September 14, 2022**

**Agenda Item No. 13.a.**  
**Executive Officer's Written Update**

The Executive Officer reports the following:

- **September 14, 2022 Meeting:** Given anticipated oral testimony from stakeholders pertaining to the Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Health Care Districts (Antelope Valley Medical Center and Beach Cities Health District), this meeting is expected to last between sixty (60) and ninety (90) minutes.
- **Future Meeting Schedule:** At the October 12th Commission Meeting, staff anticipates requesting cancelation of the December 14<sup>th</sup> Meeting, consistent with prior year cancelations of this meeting. Staff has reviewed proposal activity, and does not believe that the meeting will be necessary. Given this likelihood; the on-going concerns about COVID-19 issues; and to maintain consistency with the Los Angeles County Board of Supervisors, in whose room the Commission meets, and which continues to meet in a virtual format; **staff recommends that the Commission direct staff to notice the October 12 and November 9 Meetings in a virtual format.**
- **CALAFCO Annual Conference:** CALAFCO will host the first in-person Annual Conference on October 19-21 in Newport Beach. LAFCO Commissioners John Mirisch and Francine Oschin, a representative of Supervisor Mitchell, and LAFCO staff plan to attend. Should any other commissioners choose to attend, there is still time to register, but hotel availability is limited and may not be available (staff would make other arrangements at nearby hotels if necessary).

**Staff Recommendation:**

1. Receive and file the Executive Office's Written Update.