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AGENDA REPORT Public Hearing | Action

March 5, 2018

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Robert Barry, Chief Policy Analyst

SUBJECT: **Public Hearing | Consideration of Proposed Amendments to the Spheres of Influence for the Tri-City Healthcare District and the Palomar Health Healthcare District (SA17-09a; SA17-09b); and the Proposed “Tri-City Healthcare District Reorganization” (RO17-09)**

SUMMARY

The San Diego Local Agency Formation Commission (LAFCO) will consider a multifaceted reorganization proposed by resolution of the Tri-City Healthcare District (HD) affecting approximately 36,700 acres. The principal facet involves annexation of the remaining unserved incorporated territory within the Cities of Carlsbad, Oceanside, and Vista to Tri-City HD. The other proposed reorganization facets involve detachment of the Marine Corps Base Camp Pendleton territory from Tri-City HD; a reorganization of City of Oceanside incorporated territory between Tri-City HD (annexation) and the Fallbrook Regional HD (detachment); and a reorganization of City of San Marcos incorporated territory between Tri-City HD (detachment) and the Palomar Health HD (annexation). The proposed reorganization also requires amendments to the adopted spheres of influence for the Tri-City and Palomar Health HDs to achieve consistency with the jurisdictional changes. The proposal is consistent with the recommendations of a recent municipal service review and all affected agencies consent to the boundary changes. Staff recommends proposal approval with the associated sphere amendments without modifications and subject to certain terms; the latter highlighted by an agreement between Tri-City and Fallbrook Regional HDs to phase the implementation of the associated property tax exchange. It is also recommended the Commission establish *Special Study Area* designations for Tri-City HD and Palomar Health HD to facilitate a future reorganization.

BACKGROUND

Affected Agencies

The proposed reorganization affects the three HDs serving northern San Diego County – Fallbrook Regional HD, Palomar Health HD, and Tri-City HD – which are summarized below.

- Tri-City HD provides hospital-based health services to an approximate 132 square mile service area and coterminous sphere of influence in the northern coastal area of San Diego County. This includes serving the majority of the incorporated territory of the Cities of Carlsbad, Oceanside, and Vista. Tri-City HD owns and independently operates the 388-bed Tri-City Medical Center located in the City of Oceanside.
- Fallbrook Regional HD provides grant programs to support healthcare and healthcare-related services within an approximate and mostly unincorporated 111-square mile service area and coterminous sphere of influence located in northern San Diego County.¹ The service area includes the unincorporated communities of Fallbrook, Rainbow, De Luz, and Bonsall and has an approximate population of 57,000. A portion of the City of Oceanside is also located within Fallbrook HD.
- Palomar Health HD provides hospital-based health services within an approximate 844-square mile service area and coterminous sphere of influence in north inland San Diego County. This includes serving the majority of the incorporated territory of the Cities of Escondido and San Marcos as well as portions of the Cities of Carlsbad and Vista. Palomar Health HD owns and independently operates two licensed acute-care hospitals: the 107-bed Pomerado Hospital in the City of Poway and the 288-bed Palomar Medical Center in the City of Escondido.

Earlier Municipal Service Review | 5-Year San Diego County Healthcare Services MSR/SOI (2015)

In 2015, San Diego LAFCO approved the “5-Year San Diego County Healthcare Services Municipal Service Review and Healthcare District Sphere of Influence Review” (MSR/SOI) and adopted written determinations on a range of service, finance, governance, and planning factors as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) [Government Code Section 56000, et seq.]. This included adopting determinations affirming the overall adequacy of the local provision of healthcare services as well as affirming the adopted spheres of influence for all four HDs in San Diego County (Fallbrook Regional HD; Grossmont HD; Palomar Health HD; and Tri-City HD). The Commission also established *Special Study Area* designations for the remaining territory in San Diego County not presently located within a HD. Further therein, the Commission approved MSR/SOI recommendations for the local HDs to consider potential realignments

¹ Fallbrook HD previously owned the 47-bed Fallbrook Hospital that was closed in 2014 and subsequently sold by the HD in 2016.

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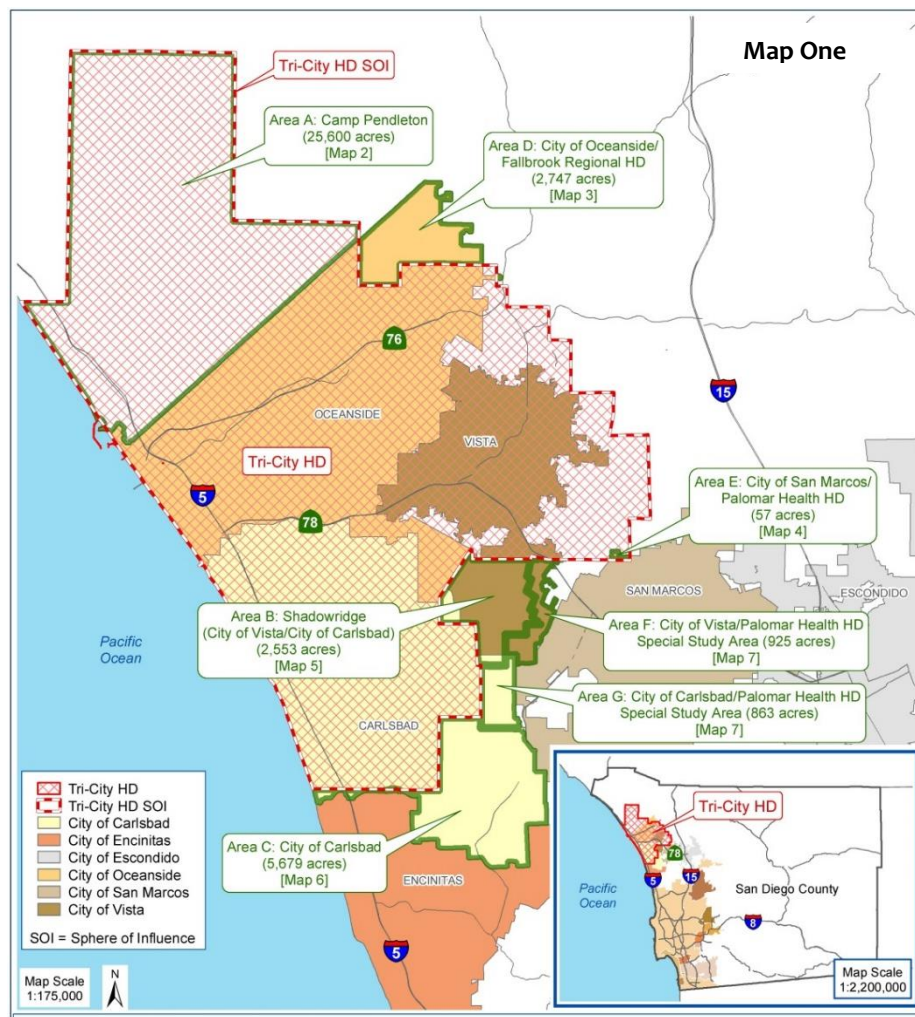
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of their authorized service areas and spheres of influence to fulfill provisions in the Healthcare District Law that allows for municipalities to be included within a HD, but prohibits municipal territory from being divided; “... provided, that land either in a municipal corporation or in unincorporated territory which the supervising authority finds will not be benefited shall not be included.”²

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without physical modifications – the applicant’s reorganization proposal involving approximately 36,700 acres in north San Diego County. The Commission may also consider applying conditions to an approval so long as it does not directly regulate land use, property development, or subdivision requirements.

Proposal Vicinity Map



² Reference to Health and Safety Code Section 32001.

Proposal Description

The Board of Directors for the Tri-City HD has adopted a Resolution of Application to initiate LAFCO proceedings for consideration of a reorganization in which the following distinct jurisdictional changes would be ordered upon Commission approval:

- Annexation of approximately 8,232.206-acres to the Tri-City HD
- Annexation of approximately 57.35-acres to the Palomar Health HD
- Detachment of approximately 25,657.79-acres from the Tri-City HD
- Detachment of approximately 2,747.37-acres from the Fallbrook Regional HD

Within the referenced jurisdictional changes there are five distinct areas incorporated into the reorganization proposal and shown on Map 1. All five affected areas are located within and/or adjacent to Tri-City HD’s sphere of influence and are summarized below.

- **Area A (Camp Pendleton) - Detachment of approximately 25,600.44-acres of Marine Corps Base Camp Pendleton territory from the Tri-City HD (Map 2)**

Tri-City HD’s service area presently includes the majority of the incorporated territory of the Cities of Carlsbad, Oceanside, and Vista. Tri-City HD’s service area and sphere of influence also extend north of the City of Oceanside and includes approximately 25,600.44-acres of unincorporated territory located within Marine Corps Base Camp Pendleton. Tri-City HD’s service area and sphere boundaries within Camp Pendleton are coterminous with the boundary of the Oceanside School District, which operates three schools within Camp Pendleton. However, Tri-City HD does not presently own or operate healthcare facilities or provide healthcare-related programs within Camp Pendleton, and does not anticipate providing healthcare facilities or services therein in the foreseeable future. The 2015 *San Diego County Healthcare Services MSR and Healthcare Districts SOI Review* recommended detaching the Camp Pendleton territory from the Tri-City HD service area and sphere, and designated the lands as a *Special Study Area* in anticipation of a future proposal to reorganize the Tri-City HD territory. The reorganization addresses the *Special Study Area* designation established in the earlier MSR/SOI by detaching the subject lands from Tri-City HD.

- **Area B (Shadowridge) – Annexation of approximately 2,552.79-acres of City of Vista and City of Carlsbad incorporated territory to the Tri-City HD (Map 5)**

All of the City of Vista incorporated territory is presently located within Tri-City HD’s service area and sphere with two exceptions. The first exception involves an approximate 925-acre portion of Vista presently located within the adjacent Palomar Health HD service area and sphere and further detailed as Area F. The second exception involves an approximate 2,234.60-acre portion of Vista known as the Shadowridge community. The Shadowridge community and two adjacent portions of the City of Carlsbad (approximately 212.5-acres and 106.8-acres, respectively) presently lie outside any HD service area or sphere. The 2015 *San Diego County*

Healthcare Services MSR and Healthcare Districts SOI Review determinations recommended that the approximate 2,553-acres of unserved Carlsbad and Vista incorporated territory including the Shadowridge area be annexed to the Tri-City HD in accordance with Healthcare District Law prohibitions on dividing municipal territory, and designated the subject territory as a *Special Study Area* in anticipation of a future proposal to reorganize the territory with the Tri-City HD. The reorganization addresses the *Special Study Area* designation established in the earlier MSR/SOI by annexing the subject lands to Tri-City HD.³

- **Area C (Carlsbad) – Annexation of approximately 5,679.416-acres of City of Carlsbad incorporated territory to the Tri-City HD (Map 6)**

All of the City of Carlsbad is located within the Tri-City HD service area and sphere with three exceptions. The first exception involves two portions of Carlsbad not presently located within any HD service area or sphere (approximately 212.5-acres and 106.8-acres, respectively) that are adjacent to the Shadowridge community of Vista and further detailed as Area B. The second exception involves an approximate 863-acre portion of Carlsbad presently located within the adjacent Palomar Health HD service area and sphere and further detailed as Area G. The third exception involves approximately 5,679.416-acres of Carlsbad’s incorporated territory not presently located within any HD service area or sphere. The 2015 *San Diego County Healthcare Services MSR and Healthcare Districts SOI Review* determinations recommended that this unserved southern portion of the City of Carlsbad be annexed to the Tri-City HD in accordance with Healthcare District Law prohibitions on dividing municipal territory, and designated the subject territory as a *Special Study Area* in anticipation of a future proposal to reorganize the territory with the Tri-City HD. The reorganization addresses the *Special Study Area* designation established in the earlier MSR/SOI by annexing the subject lands to Tri-City HD.⁴

- **Area D (Oceanside) – Detachment of approximately 2,747.37-acres of City of Oceanside incorporated territory from the Fallbrook Regional HD with a concurrent annexation to the Tri-City HD (Map 3)**

All of the City of Oceanside is presently located within the Tri-City HD service area and sphere with one exception. This exception involves approximately 2,747-acres of Oceanside’s incorporated territory located within the Fallbrook Regional HD service area and sphere. The 2015 *San Diego County Healthcare Services MSR and Healthcare Districts SOI Review* determinations recommended that the Oceanside incorporated territory presently located within the Fallbrook Regional HD be reorganized with the Tri-City HD in accordance with Healthcare District Law prohibitions on dividing municipal territory. The reorganization addresses the recommendations in the earlier MSR/SOI by detaching the subject lands from Fallbrook Regional HD and concurrent annexation to Tri-City HD.⁵

³ A concurrent sphere amendment to Tri-City HD is also necessitated to accommodate this facet of the reorganization.

⁴ A concurrent sphere amendment to Tri-City HD is also necessitated to accommodate this facet of the reorganization.

⁵ A concurrent sphere amendment to both Fallbrook Regional HD (removal) and Tri-City HD (expansion) is also necessitated to

- **Area E (San Marcos) – Detachment of approximately 57.35-acres of City of San Marcos incorporated territory from the Tri-City HD with a concurrent annexation to Palomar Health HD (Map 4)**

All of the City of San Marcos is presently located within the Palomar Health HD service area and sphere with one exception. This exception involves approximately 57.35-acres of San Marcos’s incorporated boundary that lies within the Tri-City HD’s service area and sphere. The 2015 *San Diego County Healthcare Services MSR and Healthcare Districts SOI Review* determinations recommended that the San Marcos territory presently located within the Tri-City HD be reorganized with the Palomar Health HD in accordance with Healthcare District Law prohibitions on dividing municipal territory. The reorganization addresses the recommendations in the earlier MSR/SOI by detaching the subject lands from Tri-City HD and concurrent annexation to Palomar Health HD.⁶

Proposal Purpose

The proposed reorganization is intended to address the present HD incorporated service area inconsistencies involving Tri-City, Fallbrook Regional, and Palomar Health HD under State law that were identified in San Diego LAFCO’s earlier MSR/SOI prepared in 2015 and detailed in the preceding section. The Tri-City HD has stated in its resolution of application as the initiating proponent that the proposed reorganization will provide specific benefits to the proposal areas as follows:

- Annexation of the proposal areas into Tri-City HD will allow the District to open, market, and expand special operations, host health awareness events, participate in community outreach, and open needed primary care and specialty care clinics and offices within largely whole incorporated boundaries.
- Annexation into Tri-City HD will provide a better accounting of the unique healthcare needs of the proposed areas by aligning its jurisdictional boundary to largely whole incorporated boundaries. Tri-City HD is required to submit a significant amount of data to the Office of Statewide Health Planning and Development (OSHPD) and the Department of Healthcare Services. Such reporting is done annually and is disclosed online. Tri-City HD also provides standardized reports to the Centers for Medicare & Medicaid Services. Tri-City HD states that, since the late 1990s, nonprofit hospitals in California have been subject to requirements for the assessment of community health needs, and must then respond to those needs on a regular basis. Following the passage of the Affordable Care Act, nonprofit hospitals are required to assess community needs in a robust

accommodate this facet of the reorganization.

⁶ A concurrent sphere amendment to both Tri-City HD (removal) and Palomar Regional HD (expansion) is also necessitated to accommodate this facet of the reorganization.

and data-driven fashion and articulate how they plan to use their community benefit programs and funds to respond to those needs. As a result, many District Hospital community benefit programs, like those at Tri-City HD, have caught up to the rest of health philanthropy in terms of best practices related to disease prevention and addressing social detriments of health (such as disease prevention, healthy lifestyles, education, and behavioral health). Including the residents of Shadowridge (Vista) and Carlsbad into these measurements and services will provide meaningful outcome data to enhance their health and wellbeing.

- Tri-City HD will be able to engage members of these local and largely whole incorporated communities to better educate their residents on services the District provides. Tri-City HD will be better able to inform district residents of its goals and accomplishments, emphasizing its work in areas into which private sector and for-profit healthcare systems are unable or unwilling to venture.

It is important to note that, prior to submittal of the application for the proposed reorganization, LAFCO staff coordinated with Tri-City HD staff to expand the HD’s initial proposal for annexation of only the remaining unserved incorporated territory of the Cities of Carlsbad and Vista. After discussions, Tri-City HD Reorganization was expanded to also include the detachment of Camp Pendleton territory from the Tri-City HD; the reorganization of Oceanside incorporated territory between the Fallbrook Regional HD and the Tri-City HD; and the reorganization of San Marcos incorporated territory between the Tri-City HD and the Palomar Health HD.⁷

ANALYSIS

The analysis of the proposal is organized into two subsections. The first subsection pertains to evaluating the central and sequential merits of accommodating sphere amendments, the timing of the reorganization relative to the factors mandated for review by the Legislature and local policies, and whether modifications or terms are appropriate. The second subsection considers issues required by other applicable State statutes. This includes making findings under the California Environmental Quality Act (CEQA) and the disposition of protest proceedings per Government Code Section 57002(c).

⁷ As the additional jurisdictional and sphere of influence changes were evaluated and recommended by the Commission’s 2015 MSR/SOI determinations, and were assigned *Special Study Area* designations in anticipation of a future reorganization, expansion of the reorganization proposal to include the additional jurisdictional and sphere changes was intended to allow for Commission consideration of the majority of the 2015 MSR/SOI recommendations for the local area. Following Commission approval for the expanded reorganization proposal, only the portions of Carlsbad and Vista that are presently within the Palomar Health HD and are recommended for *Special Study Area* designations will remain outside of Tri-City HD (Map 7). The *Special Study Area* designations are intended to encourage the Tri-City HD and the Palomar Health HD to discuss the financial implications of reorganizing the areas with the Tri-City HD in regards to the existing voter-approved bonded indebtedness for the territory within the Palomar Health HD service area. These incorporated areas will be reviewed during the next sphere of influence review cycle for evaluation of the potential resolution of the *Special Study Area* designations and eventual reorganization with the Tri-City HD.

Central Policy Items

Item No. 1 |

Sphere Amendments

The proposed reorganization requires concurrent amendments to the adopted spheres of influence for the Tri-City HD and Palomar Health HD to achieve consistency with the proposed jurisdictional changes. The five proposed reorganization areas (Areas A-E) are presently located within Commission-designated *Special Study Areas* (SSAs). The SSA designations were established by the Commission in 2015 to encourage discussions between the local HDs and to evaluate potential reorganizations of identified incorporated territory in accordance with requirements in State Law for the HD’s authorized service areas. The proposed reorganization’s jurisdictional changes are consistent with the Commission’s 2015 MSR/SOI determinations and supported by a review of the factors enumerated under Government Code Section 56425 required for consideration anytime sphere changes are contemplated and provided as Attachments 2 and 3.

Conclusion:

The concurrent sphere amendments to Tri-City and Palomar Health HDs are warranted to facilitate the proposed reorganization under CKH and Commission policy.

Item No. 2 |

Reorganization Timing

The timing of the proposed “Tri-City Healthcare District Reorganization” appears appropriate for the implementation of the earlier MSR/SOI recommendations to realign the local HD service areas to include unserved incorporated territory as well as to realign the presently-served incorporated territory of the Cities of Carlsbad, Oceanside, San Marcos, and Vista within the appropriate HD in accordance with the Health Care District Law. Timing is further substantiated given overall consistency with the factors prescribed for review under Government Code Section 56668 and detailed as Attachment 4.

Conclusion:

The timing of the reorganization is warranted under CKH and Commission policy.

Item No. 3 |

Modification and Terms

Staff has identified one potential boundary modification in the course of reviewing the proposal relative to CKH and local policies that merit consideration by the Commission, although ultimately not recommended for reasons provided. This potential modification would involve an additional reorganization encompassing almost 1,800 acres and affects Tri-City and Palomar Health HDs with the detachment of the latter and annexation to the former for purposes of unifying the incorporated territory of the Cities of Carlsbad and

Vista to be located entirely within Tri-City HD. This modification – which would remedy existing boundary inconsistencies under the Healthcare District Law – merits additional discussion to address, and among other pertinent topics, the financial implications and possible remedies therein of a reorganization as detailed in the accompanying footnote.⁸

Along with applying standard terms to any reorganization approval one special condition appears appropriate. This special condition involves requiring an agreement between Tri-City and Fallbrook Regional HDs to phase the implementation of the associated property tax exchange established for the reorganization by the County Board of Supervisors. The special condition’s aim is to help lessen the near-term financial impact on Fallbrook Regional HD and would require written receipt by the Executive Officer from both agencies that an agreement has been reached before the reorganization may be finalized. This suggested condition is supported by both Tri-City and Fallbrook Regional HDs.

Conclusion:

It would be appropriate for the Commission to establish *Special Study Area* designations for Tri-City HD and Palomar Health HD to facilitate a future reorganization as identified as “Areas F and G” in Map 7. It is also appropriate for the Commission to apply a special term to require an agreement between Tri-City and Fallbrook Regional HDs to phase the implementation of the associated property tax transfer.

Other Statutory Considerations

Exchange of Property Tax Revenues

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCOs can consider jurisdictional changes. Markedly, and pertinent to this proposal, RTC Section 99(b)(5) allows the County of San Diego Board of Supervisors to adopt a single resolution establishing a tax exchange on behalf of all affected agencies given their status as special districts. Towards this end, the Auditor’s Department has prepared a report for the proposed reorganization that identifies the amount of property tax revenues to be exchanged between the affected local governments. The Board of Supervisors has utilized this report in adopting an exchange that will govern the transfer of property tax revenues associated with the reorganization. The County Auditor’s report identified the following property tax revenues to be exchanged for the proposed reorganization areas:

- Area A (Camp Pendleton) – Involves the detachment of approximately 25,600.44-acres of Marine Corps Base Camp Pendleton territory from the Tri-City HD, and would result in the reduction of \$1,224.55 in annual property tax revenues from the Tri-City HD. (Map 2)

⁸ Territory within the Palomar Health HD service area is presently subject to annual assessments for repayment of the bonds previously approved by local voters to construct the Palomar Health Medical Center. Accordingly, future discussions between Tri-City and Palomar Health HDs should address the potential financial implications for the HDs and the property owners associated with the reorganization of assessed service area territory should the lands be ultimately annexed to Tri-City.

- Area B (Shadowridge) – Involves the annexation of approximately 2,552.79-acres of unserved City of Vista and City of Carlsbad incorporated territory to the Tri-City HD, and would not result in the exchange of property tax revenues as there is no existing property tax allocation for healthcare services to be exchanged. (Map 5)
- Area C (Carlsbad) – Annexation of approximately 5,679.416-acres of unserved City of Carlsbad incorporated territory to the Tri-City HD, and would not result in the exchange of property tax revenues as there is no existing property tax allocation for healthcare services to be exchanged. (Map 6)
- Area D (Oceanside) – Detachment of approximately 2,747.37-acres of City of Oceanside incorporated territory from the Fallbrook Regional HD with a concurrent annexation to the Tri-City HD. This reorganization would result in the reduction of \$181,454.58 in annual property tax revenues from the Fallbrook Regional HD and reallocation of those revenues to the Tri-City HD. (Map 3)
- Area E (San Marcos) – Detachment of approximately 57.35-acres of City of San Marcos incorporated territory from the Tri-City HD with a concurrent annexation to Palomar Health HD. This reorganization would result in the reduction of \$207.30 in annual property tax revenues from the Tri-City HD and reallocation of those revenues to the Palomar Health HD. (Map 4)

Environmental Review

The California Environmental Quality Act (CEQA) requires LAFCO to determine if potentially significant environmental impacts would result from projects approved under the Commission’s statutory authority. Accordingly, San Diego LAFCO is tasked with making two distinct determinations as lead agency under CEQA with respect to the (a) accommodating sphere amendments and the (b) reorganization itself and as detailed in the accompanying footnote.⁹ With this in mind, the proposed amendments to adopted spheres of influence and the proposed reorganization therein involve changes to existing healthcare district service areas but do not include new construction of healthcare facilities or provision of healthcare services that would have a potentially significant impact on the environment. Therefore, Executive Officer has determined that both CEQA actions – (a) sphere amendments and (b) reorganization – qualify as projects but exempt from further review per State CEQA Guidelines Section 15061(b)(3). These determinations are appropriate because it can be seen with certainty that there is no possibility for either project to significantly impact the environment, and the activities are not subject to CEQA.

⁹ San Diego LAFCO generally serves as lead agency for sphere amendments and/or updates while assuming responsible agency role for proposals initiated by other local agencies. For this proposal San Diego LAFCO serves as lead agency for both the sphere amendments and proposed reorganization given Tri-City HD did not make a CEQA determination in adopting the resolution of application.

Protest Proceedings

Under State Law, LAFCO is required to conduct protest proceedings following adoption of a resolution making determinations for a proposal. Pursuant to Government Code Section 57002(c), the Commission may waive protest proceedings in accordance with provisions in Government Code Section 56663:

For a change of organization consisting of an annexation or a detachment, or a reorganization consisting solely of annexations or detachments, or both, or the formation of a county service area that would otherwise require the conduct of protest proceedings, the commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) if all of the following have occurred:

- a) The mailed notice pursuant to Section 56157 has been given to landowners and registered voters within the affected territory.*
- b) The mailed notice discloses to the registered voters and landowners that unless written opposition to the proposal is received before the conclusion of the commission proceedings on the proposal, the commission intends to waive protest proceedings. The notice shall disclose that there is potential for the extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency in the affected territory.*
- c) Written opposition to the proposal from landowners or registered voters within the affected territory is not received before the conclusion of the commission proceedings on the proposal.*

Additionally, and per Government Code Section 56157(h),

“...If the total number of notices required to be mailed in accordance with subdivisions (d) [landowners] and (f) [registered voters] exceeds 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 Section 56153, at least 21 days prior to the hearing.”

Because the proposed reorganization territory includes more than 1,000 property owners and registered voters, a public hearing notice for the proposal was published on February 12, 2018 in the San Diego Union-Tribune as shown in Attachment 5. The public hearing notice for the proposal included the required language regarding the intent of the Commission to waive protest proceedings; the need for submittal of any written opposition prior to the conclusion of proceedings; and the potential for the extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency in the affected territory. Assuming no written objections are received prior to the close of the public hearing it is recommended the Commission waive protest hearings in step with any approval.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished through a single-approved motion.

Alternative One (Recommended):

- a) Accept and incorporate the analysis of the report prepared by staff.
- b) Find in accordance with the Executive Officer's determination, that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, the sphere of influence amendments and the “Tri-City Healthcare District Reorganization” are not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility for the proposed project to significantly impact the environment, and the activity is not subject to CEQA; and
- c) Amend the coterminous sphere of influence of Tri-City Healthcare District and adopt the written Statement of Determinations as shown in Exhibit A; and
- d) Amend the coterminous sphere of influence of Palomar Health Healthcare District and adopt the written Statement of Determinations as shown in Exhibit B; and
- e) Adopt *Special Study Area* designations for the incorporated territory of the Cities of Carlsbad and Vista presently located within the Palomar Health Healthcare District as shown in Map 7; and
- f) Approve the proposed “Tri-City Healthcare District Reorganization” involving annexation of approximately 8,232.206-acres to the Tri-City Healthcare District as shown in Map 1; detachment of approximately 25,657.79-acres from the Tri-City Healthcare District as shown in Maps 2 & 4; annexation of approximately 57.35-acres to the Palomar Health Healthcare District as shown in Map 4; and, Detachment of approximately 2,747.37-acres from the Fallbrook Regional Healthcare District as shown in Map 3; and
- g) Adopt the form of resolution approving the sphere amendments and reorganization for the reasons set forth in the Executive Officer’s Report, waiving the Conducting Authority proceedings according to Government Code Section 56663(c), and ordering the reorganization subject to the following conditions: That recordation of the “Tri-City Healthcare District Reorganization” occur following the receipt by the Executive Officer of an agreement between the Tri-City Healthcare District and the Fallbrook Regional Healthcare District regarding the exchange of property tax revenues associated with the detachment of City of Oceanside incorporated territory.

Alternative Two:

- a) Continue consideration of the item to a time-specified regular meeting and provide direction to staff for additional information as needed.

Alternative Three:

- a) Disapprove the proposal.

RECOMMENDATION

Staff recommends proceeding with Alternative One as summarized in the preceding section. These actions would be consistent with determinations adopted by the Commission in its earlier MSR/SOI in 2015 covering the affected agencies and helps to rationalize HD boundaries in northern San Diego County in step with Healthcare District law and its prohibitions on dividing municipal territory among multiple HDs. This includes noting approval will result in the consolidation of the presently unserved incorporated territory of the Cities of Carlsbad, Oceanside, and Vista within the Tri-City HD; reorganize the City of Oceanside territory presently within the Fallbrook Regional HD with the Tri-City HD; and reorganize the City of San Marcos territory presently within the Tri-City HD with the Palomar Health HD. Separately, the recommended *Special Study Area* designations will facilitate needed discussions between Tri-City and Palomar Health HDs for a potential reorganization that would unify the remaining incorporated territory of the Cities of Carlsbad and Vista within Tri-City HD.

PROCEDURES FOR CONSIDERATION

This item has been agenized for action as part of a noticed public hearing. The following procedures, accordingly, are recommended in the consideration of this item:

- 1) Receive verbal report from staff;
- 2) Invite comments from the applicant or representatives
- 3) Open the hearing and invite audience comments (mandatory); and
- 4) Close the hearing, discuss item, and consider action on recommendation.

On behalf of staff,



Robert Barry, AICP
Chief Policy Analyst

Attachments:

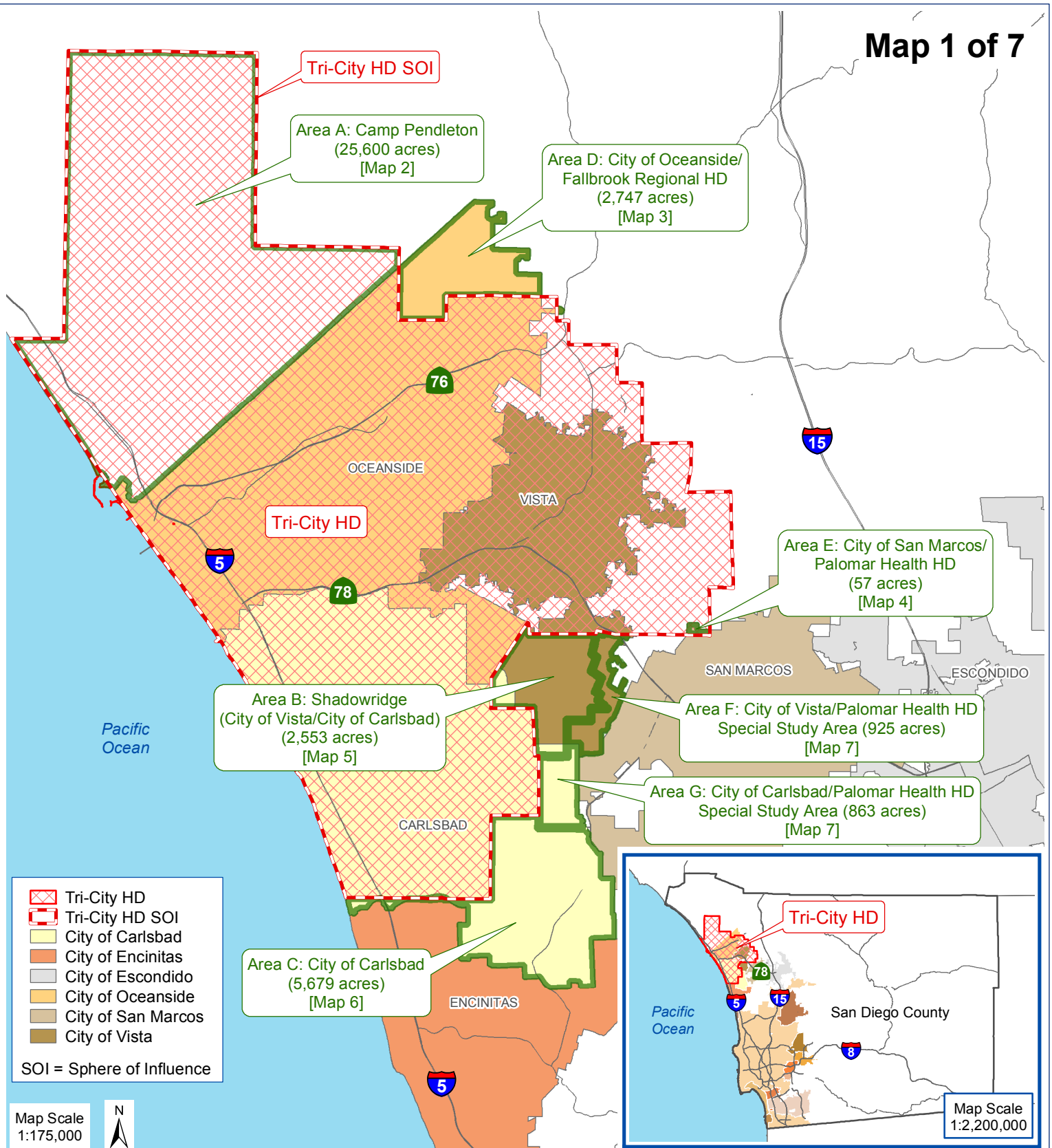
- 1) Vicinity Maps (1-7)
- 2) Statement of Determinations – Tri-City HD Sphere Amendment (SA17-09a)
- 3) Statement of Determinations – Palomar Health HD Sphere Amendment (SA17-09b)
- 4) Proposal Review Factors – Per Government Code Sections 56668 & 56668.3
- 5) Proof of Publication

San Diego LAFCO

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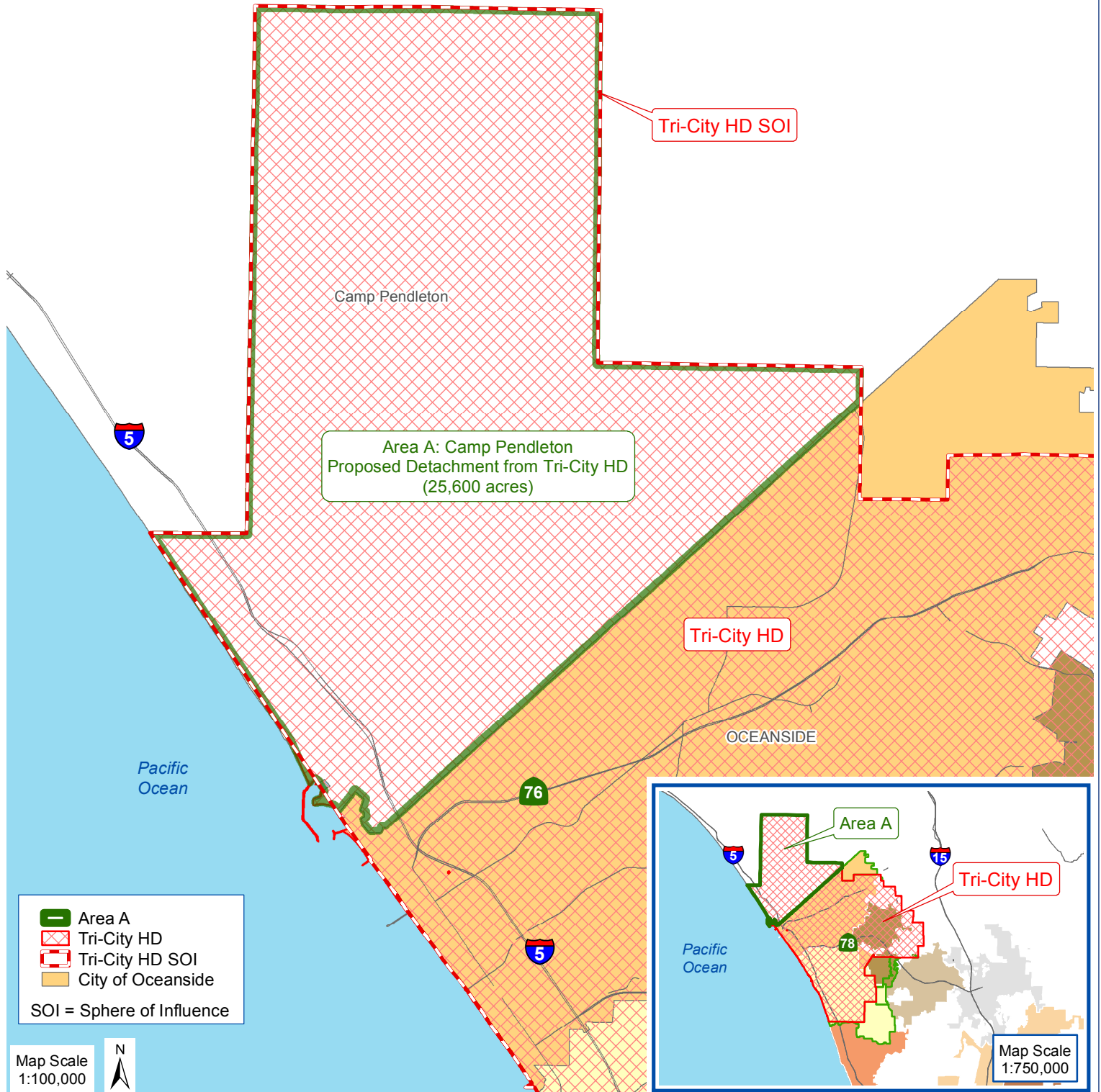


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MAP 1 Overview of Tri-City HD Reorganization

SA17-09
RO17-09

PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"

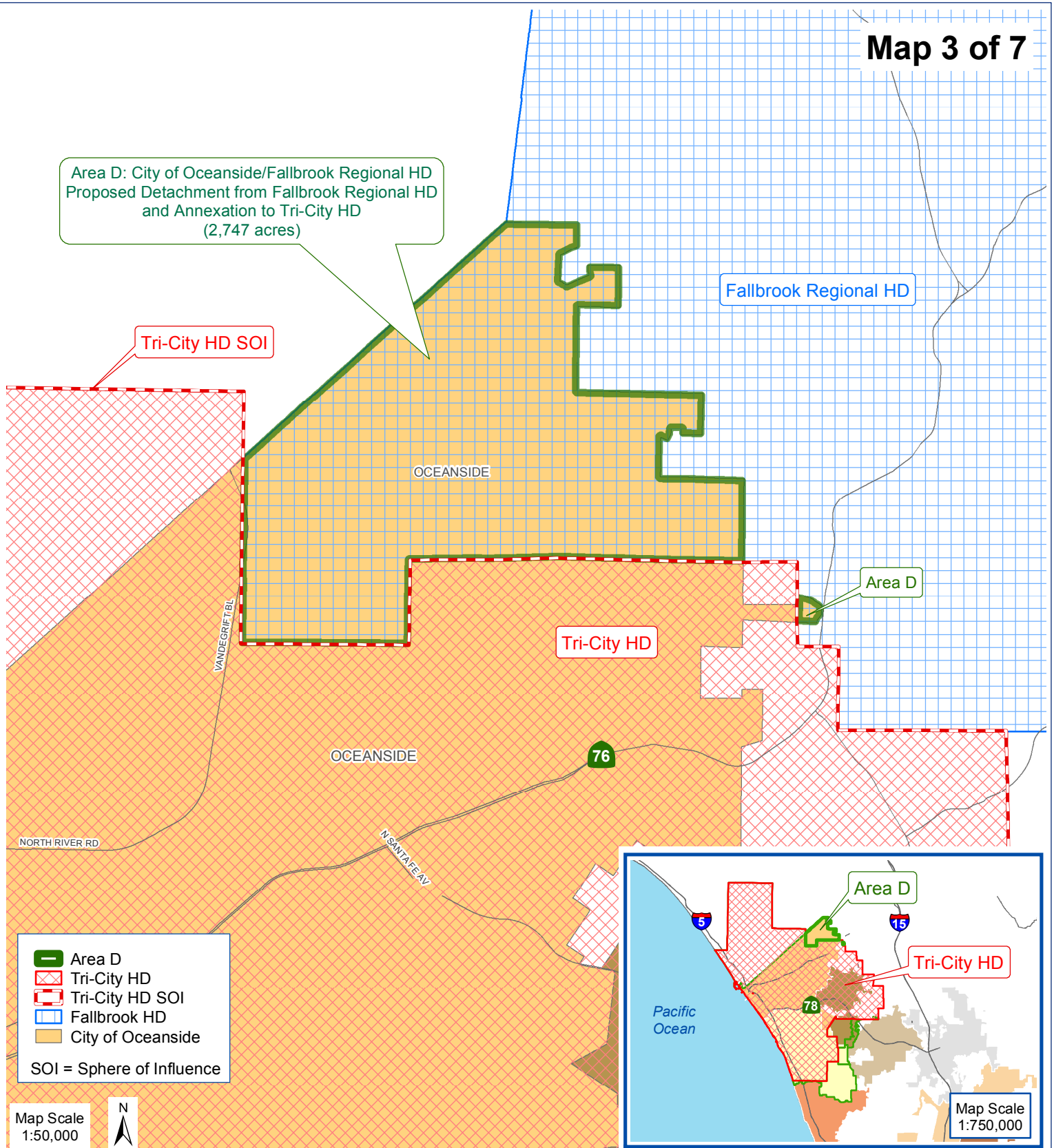


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MAP 2 Area A: Camp Pendleton

SA17-09
RO17-09

PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"

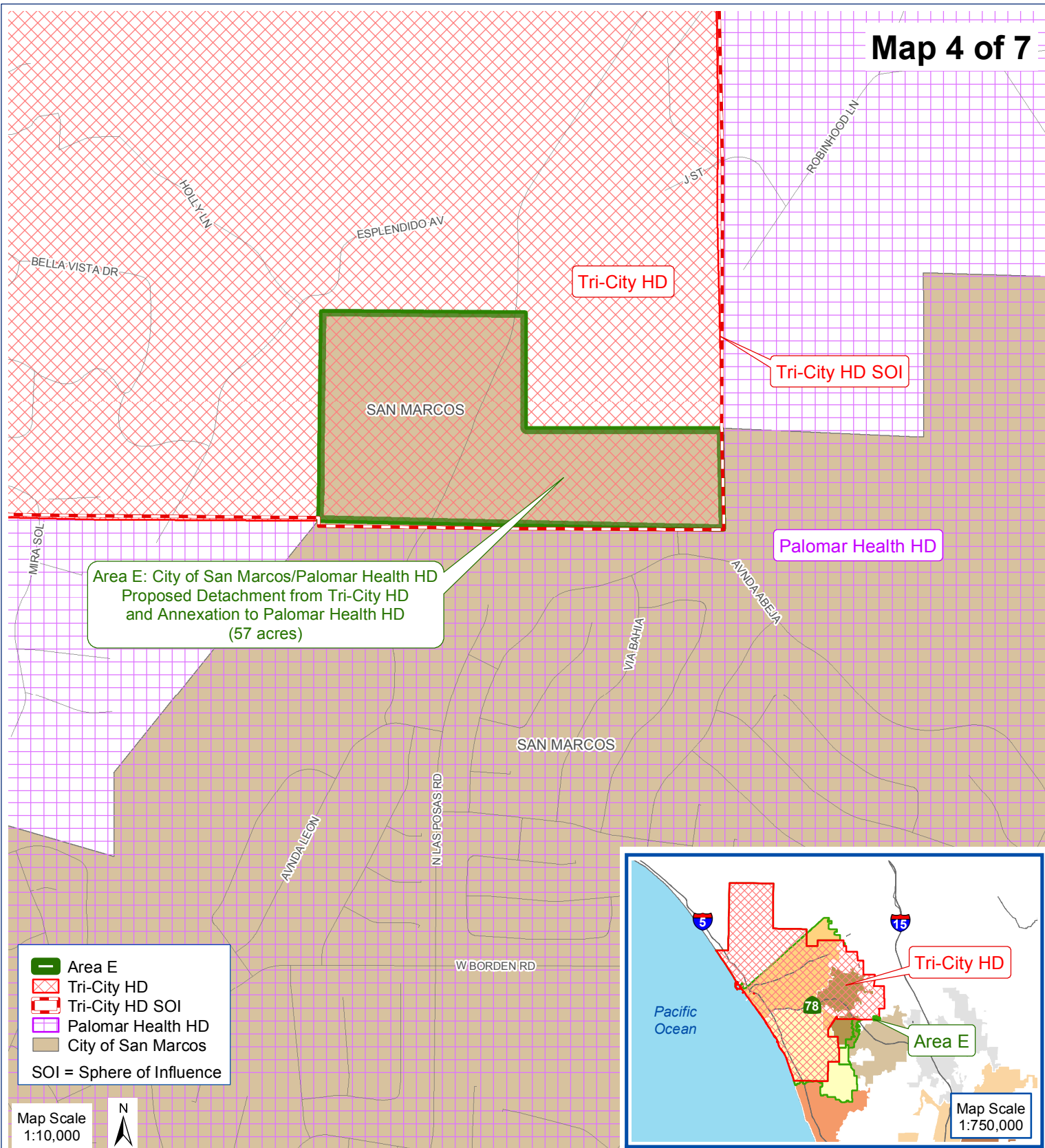


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MAP 3 Area D: City of Oceanside/Fallbrook Regional HD

SA17-09
RO17-09

PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"

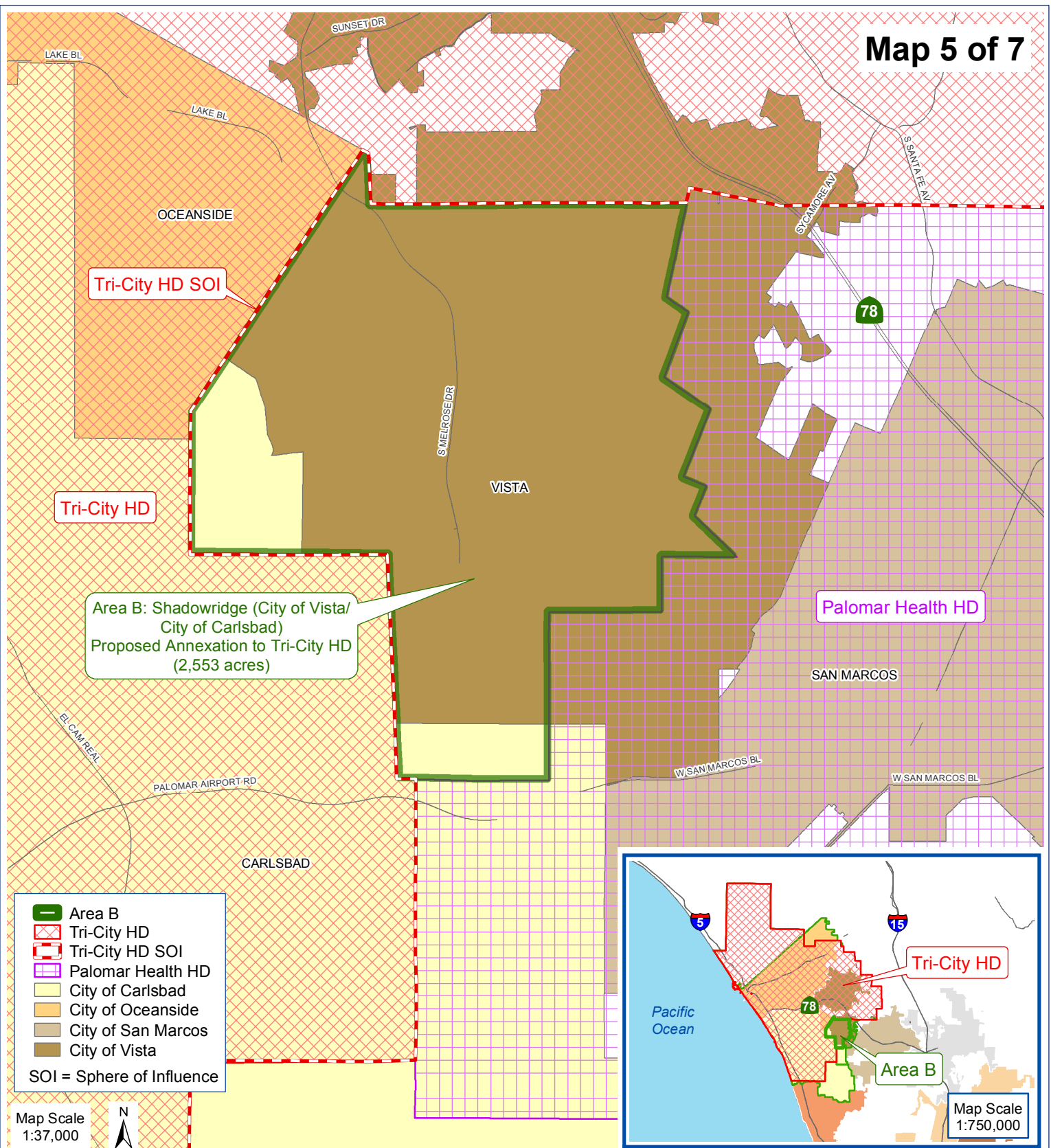


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MAP 4 Area E: City of San Marcos/Palomar Health HD

SA17-09
RO17-09

PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"

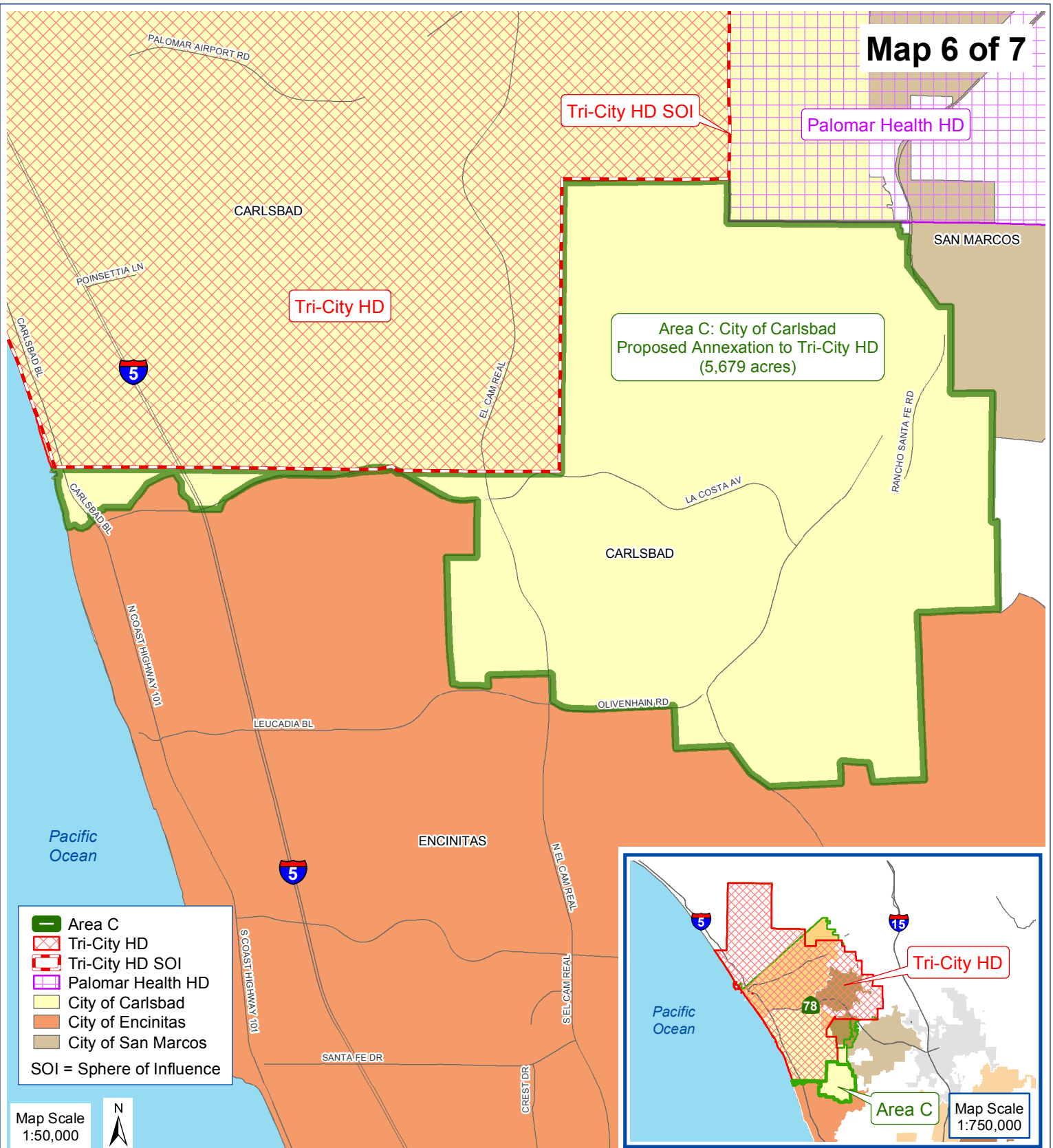


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MAP 5 Area B: Shadowridge (City of Vista/City of Carlsbad)

SA17-09
RO17-09

PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"

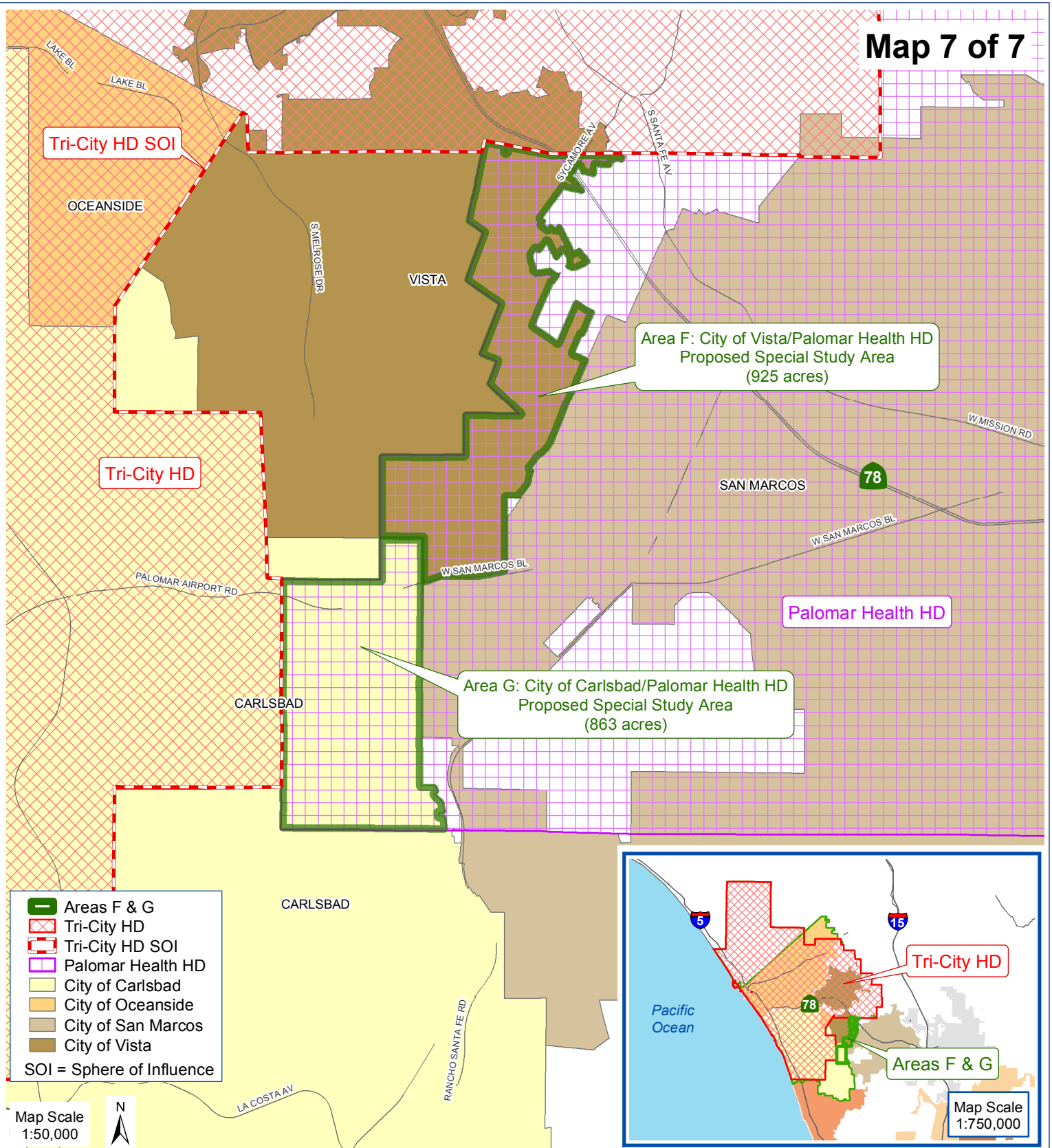


--Illustration Purposes Only--

MAP 6 Area C: City of Carlsbad

SA17-09
RO17-09

PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"



--Illustration Purposes Only--

MAP 7 Special Study Areas: Area F (City of Vista/Palomar Health HD) Area G (City of Carlsbad/Palomar Health HD)

SA17-09
RO17-09 PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"

**RECOMMENDED STATEMENT OF DETERMINATIONS
PROPOSED AMENDMENTS TO THE COTERMINOUS
SPHERE OF INFLUENCE FOR THE
TRI-CITY HEALTHCARE DISTRICT**

“Tri-City Healthcare District Reorganization” (SA17-09a)

The following statement of determinations is prepared pursuant to section 56425 of the Government Code for designation of the areas shown on the attached maps as amendments to the coterminous sphere of influence for the Tri-City Health Care District (HD). A written statement specifying the functions or classes of services provided by the Tri-City HD and establishing the nature, location, and extent of the functions or classes of District services is on file with LAFCO.

(1) The present and planned land uses in the area, including agricultural and open space lands.

The three proposed sphere of influence amendment areas (Areas B, C, and D) for the Tri-City HD include portions of the incorporated territory of the Cities of Carlsbad, Oceanside, and Vista as follows:

- Area B - totaling approximately 2,553-acres of combined City of Carlsbad and City of Vista incorporated territory
- Area C - totaling approximately 5,679-acres of City of Carlsbad incorporated territory
- Area D - totaling approximately 2,747.37-acres of City of Oceanside incorporated territory

Present and planned land uses within the three proposed amendment areas, including any agricultural and open space uses, are governed by the General Plan and land use designations of the respective City. No changes to the present or planned land uses within the proposal areas are associated with the proposed sphere of influence amendments.

(2) The present and probable need for public facilities and services in the area.

The three proposed sphere of influence amendment areas for the Tri-City HD include portions of the incorporated territory of the Cities of Carlsbad, Oceanside, and Vista. The three affected cities either directly provide public facilities and services within their respective incorporated boundaries or receive those facilities and services from existing special district service providers.

The proposed sphere of influence amendments and the associated “Tri-City Healthcare District Reorganization” involve changes to adopted spheres of influence and service areas of existing healthcare districts and are not anticipated to have an effect on the present and probable need for public facilities and services in the area.

(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

On May 4, 2015, the San Diego LAFCO approved the *Five-Year Sphere of Influence and Service Review: San Diego County Health Care Services Municipal Service Review and Health Care District Sphere of Influence Review*, and the Commission affirmed the coterminous sphere of influence for the Tri-City HD. The Commission also designated local areas containing medically underserved or understaffed communities and areas of high poverty as *social or economic communities of interest* relevant to the HD; and designated these areas as LAFCO *Special Study Areas*. The Commission concluded that the Tri-City HD is adequately providing health care services within its service area and sphere, is accountable for the local community's service needs, and that the Tri-City HD hospital facilities have adequate capacities for patient needs.

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The Commission has determined that social or economic communities of interest of relevance to Tri-City HD exist within local Medical Service Study Areas (MSSA) designated as a *Medically Underserved Area* and/or *Health Care Professional Shortage Area* by the California Office of Statewide Health Planning and Development (OSHPD); and within local areas identified with poverty levels above the regional average of 14.4% (SANDAG 2013). The MSSAs located adjacent to the Tri-City HD service area and sphere that contain existing social or economic communities of interest have been designated as *Special Study Areas* to encourage local health care service planning and identify inhabited areas to be considered for potential inclusion in subsequent sphere reviews.

(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The proposed "Tri-City Healthcare District Reorganization" includes three amendment areas for the Tri-City HD sphere of influence and does not involve an update to the Tri-City HD's adopted sphere. In addition, Tri-City HD is authorized to provide healthcare services, programs, and facilities and does not provide public facilities or services related to sewers, municipal/industrial water, or structural fire protection; therefore, the determination does not apply to the proposed Tri-City HD sphere amendments.

**RECOMMENDED STATEMENT OF DETERMINATIONS
PROPOSED AMENDMENT TO THE COTERMINOUS
SPHERE OF INFLUENCE FOR THE
PALOMAR HEALTH HEALTHCARE DISTRICT**

“Tri-City Healthcare District Reorganization” (SA17-09b)

The following statement of determinations is prepared pursuant to section 56425 of the Government Code for designation of the area shown on the attached map as an amendment to the coterminous sphere of influence for the Palomar Health HealthCare District (HD). A written statement specifying the functions or classes of services provided by the Palomar Health HD and establishing the nature, location, and extent of the functions or classes of District services is on file with LAFCO.

(1) The present and planned land uses in the area, including agricultural and open space lands.

The proposed sphere of influence amendment area (Area E) includes approximately 57.35-acres of City of San Marcos incorporated territory that is presently located within the sphere of influence and authorized service area of the Tri-City Healthcare District (HD). Present and planned land uses within the proposed amendment area, including any agricultural and open space uses, are governed by the General Plan and land use designations of the City of San Marcos. No changes to the present or planned land uses within the proposal area are associated with the proposed sphere of influence amendment.

(2) The present and probable need for public facilities and services in the area.

The proposed sphere of influence amendment area for the Palomar Health Healthcare District (HD) includes a portion of the incorporated territory of the City of San Marcos. The City of San Marcos and existing Special Districts serve and plan for the present and probable needs for public facilities and services within the City’s incorporated boundary.

The proposed sphere of influence amendment and the associated “Tri-City Healthcare District Reorganization” involve changes to adopted spheres of influence and service areas of existing healthcare districts and are not anticipated to have an effect on the present and probable need for public facilities and services in the area.

(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

On May 4, 2015, the San Diego LAFCO approved the *Five-Year Sphere of Influence and Service Review: San Diego County Health Care Services Municipal Service Review and Health Care District Sphere of Influence Review*, and the Commission affirmed the coterminous sphere of influence for the Palomar Health HD. The Commission also designated local areas containing medically underserved or understaffed communities and areas of high poverty as *social or*

economic communities of interest relevant to the HD, and designated these areas as *LAFCO Special Study Areas*. The Commission concluded that the Palomar Health HD is adequately providing health care services within its service area and sphere, is accountable for the local community's service needs, and that the Palomar Health HD hospital facilities have adequate capacities for patient needs.

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The Commission has determined that social or economic communities of interest of relevance to Palomar Health HD exist within local Medical Service Study Areas (MSSA) designated as a *Medically Underserved Area* and/or *Health Care Professional Shortage Area* by the California Office of Statewide Health Planning and Development (OSHPD); and within local areas identified with poverty levels above the regional average of 14.4% (SANDAG 2013). The MSSAs located adjacent to the Palomar Health HD service area and sphere that contain existing social or economic communities of interest have been designated as *LAFCO Special Study Areas* to encourage local health care service planning and identify inhabited areas to be considered for potential inclusion in subsequent sphere reviews.

(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The proposed "Tri-City Healthcare District Reorganization" includes one amendment area for the Palomar Health HD sphere of influence and does not involve an update to the Palomar Health HD's adopted sphere. In addition, Palomar Health HD is authorized to provide healthcare services, programs, and facilities and does not provide public facilities or services related to sewers, municipal/industrial water, or structural fire protection; therefore, the determination does not apply to the proposed Palomar Health HD sphere amendment.

**ANALYSIS OF REVIEW FACTORS
PER GOVERNMENT CODE SECTION 56668
“TRI-CITY REORGANIZATION” (SA17-09a/b; RO17-09)**

Government Code Section 56668. *Factors to be considered in the review of a proposal shall include, but not be limited to, all of the following:*

- (a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.**

The proposed “Tri-City Healthcare District Reorganization” involves five separate proposal areas in northern San Diego County that include portions of incorporated territory of the Cities of Carlsbad, Oceanside, San Marcos, and Vista. Summaries of the affected cities follow:

The City of Carlsbad is bordered by the City of Oceanside to the north; the Cities of Vista and San Marcos to the east; the City of Encinitas to the south; and the Pacific Ocean to the west. The Carlsbad coastline includes three large beaches: South Carlsbad State Beach; Carlsbad State Beach; and North Carlsbad State Beach. As of 2016, the San Diego Association of Governments (SANDAG) reports that Carlsbad has an estimated population of 112,930 people, averages 2.59 persons per household, and has a median household income of \$98,393. The population of Carlsbad is projected to increase by approximately 10.3% to 124,518 by 2050 or 0.3% annually (SANDAG Series 13 Regional Growth Forecast, 2013). Significant growth is not anticipated during the next 10 years.

The City of Oceanside is bordered by the Marine Corps Base Camp Pendleton to the north; the City of Vista to the east; the City of Carlsbad to the south; and the Pacific Ocean to the west. Oceanside is the third most-populous city in San Diego County. As of 2016, SANDAG reports that the City of Oceanside has an estimated population of 175,948, averages 2.88 persons per household, and has a median household income of \$61,456. The population of Oceanside is projected to increase by approximately 7.6% to 189,377 by 2050 or 0.2% annually (SANDAG Series 13 Regional Growth Forecast, 2013). Significant growth is not anticipated during the next 10 years.

The City of San Marcos is bordered by the unincorporated community of Twin Oaks to the north; the City of Escondido to the east; the unincorporated communities of Elfin Forest and Rancho Santa Fe to the south; and the Cities of Carlsbad and Vista to the west. As of 2016, the City of San Marcos has an estimated population of 93,295, averages 3.13 persons per household, and has a median household income of \$60,118. The population of San Marcos is projected to increase by approximately 21.1% to 113,015 by 2050 or 0.6% annually (SANDAG

Series 13 Regional Growth Forecast, 2013). While significant growth is not anticipated, the projected population growth rate indicates the likelihood of growth in the area and in adjacent incorporated and unincorporated areas during the next 10 years.

The City of Vista is bordered by the unincorporated community of Bonsall to the north; the City of San Marcos to the east; the City of Carlsbad to the south; and the City of Oceanside to the west. As of 2016, the City of Vista has an estimated population of 98,896, averages 3.21 persons per household, and has a median household income of \$54,995. The population of Vista is projected to increase by approximately 27.9% to 126,455 by 2050 or 0.8% annually (SANDAG Series 13 Regional Growth Forecast, 2013). While significant growth is not anticipated, the projected population growth rate indicates the likelihood of growth in the area and in adjacent incorporated and unincorporated areas during the next 10 years.

(b) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas. "Services," as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed reorganization involves five separate proposal areas in northern San Diego County that include portions of incorporated territory of the Cities of Carlsbad, Oceanside, San Marcos, and Vista.

Organized community (public) services within the proposal areas are presently provided by the respective Cities and the various local Special District service providers as summarized below, and have been independently evaluated by LAFCO as part of recent municipal service reviews.¹ While no new healthcare facilities or programs are associated with the proposed reorganization, the Tri-City HD states that annexation of the proposal areas will allow the District to open, market, and expand special operations, host health awareness events, participate in community outreach, and open needed primary care and specialty care clinics and offices within largely whole incorporated boundaries². The following is a summary of the

¹ The municipal services and spheres of influence of the Cities of Carlsbad and Oceanside were most recently reviewed and affirmed in 2016; the Cities of San Marcos and Vista were most recently reviewed and affirmed in 2008 and 2012. The municipal services and spheres of influence of the local Special District service providers were reviewed and affirmed in 2013, including the Carlsbad Municipal Water District; and the San Dieguito Water District.

² The provision of services by a Special District is generally limited to the District’s authorized service area. However, Healthcare Districts have the power to provide healthcare programs, services, and facilities “...at any location within or without the district for the benefit of the district and the people served by the district.” [Health and Safety Code Section 32121 (j)]

public services provided within the respective incorporated territory of Carlsbad, Oceanside, San Marcos, and Vista:

- The City of Carlsbad provides fire protection and police services city-wide, and water and wastewater services to portions of the City. The subsidiary Carlsbad Municipal Water District (MWD) provides water services to the majority of the City territory. The southeastern portion of Carlsbad receives water service from the Olivenhain MWD or the Vallecitos Water District (WD); and wastewater services from the Vallecitos WD or the Leucadia Wastewater District (WWD). Trash hauling and disposal service is provided by contract with Waste Management, Inc.
- The City of Oceanside provides fire protection, police, wastewater, and water services city-wide. The Rainbow MWD and the Vista Irrigation District (ID) provide water service to limited eastern portions of Oceanside. The Oceanside Small Craft Harbor District (a dependent district of the City of Oceanside) is responsible for public marine facilities and leasehold improvements in Oceanside Harbor and adjacent Oceanside shoreline. Trash hauling and disposal services are provided by contract with Waste Management, Inc.
- The City of San Marcos provides fire protection and emergency medical services city-wide via the subsidiary San Marcos Fire Protection District (FPD), which also provides fire protection and emergency medical services to unincorporated territory within and adjacent to the City's sphere of influence. Police service is provided by contract with the San Diego County Sheriff. Water and wastewater services are primarily provided to San Marcos by the Vallecitos WD. The Olivenhain MWD, Vista ID, and the Rincon Del Diablo MWD also provide water service to small portions of San Marcos. Solid waste and recycling services are provided by contract with EDCO Disposal.
- The City of Vista provides fire protection and wastewater services city-wide. Police services are provided by contract with the San Diego County Sheriff. The Vista ID provides water service to the City of Vista and surrounding unincorporated areas. Wastewater services are provided to the southwest portion of Vista and adjacent unincorporated territory by the Buena Sanitation District (SD), a subsidiary district of the City of Vista. The Vallecitos WD provides water and wastewater service to a small portion of northeast Vista. Trash hauling and disposal service is provided by contract with EDCO Disposal.

No changes to the existing public service arrangements or level of provided services within the proposal areas are proposed as part of the subject reorganization. The proposed reorganization involves realignments of HD service areas and spheres and no new healthcare facilities or programs are proposed to be provided within the proposal areas at this time. Therefore, the proposed reorganization is not expected to affect the need for organized community services; the present cost and adequacy of governmental services and controls in the area; the probable future needs for those services and controls; or the cost and adequacy of services and controls in the area and adjacent areas.

(c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed reorganization and sphere amendments are not anticipated to have direct effects on adjacent areas, on mutual social and economic interests, or on the governmental structure of the county.

(d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities in Section 56377.

The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed reorganization and sphere amendments are not anticipated to have direct effects on adopted commission policies regarding the provision of planned, orderly, efficient patterns of urban development, or the policies and priorities in Section 56377.

(e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed reorganization and sphere amendments are not anticipated to have any effects on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

(f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

The proposed “Tri-City Healthcare District Reorganization” application included the submittal of metes and bounds legal geographic descriptions and maps for the five separate proposal areas. The submitted maps and legal descriptions been reviewed by the County Assessor’s office for confirmation of the proposal boundaries and calculation of assessed valuation, and for conformance with State Board of Equalization mapping requirements for proposed jurisdictional changes. There are a number of healthcare district service areas within the proposal territory that are in nonconformance with lines of assessment or ownership. For these affected parcels, the Assessor will create deviated Tax Rate Areas to

reflect the nonconforming portions of the parcel. The subject proposal will not create islands or corridors of unincorporated territory.

(g) A regional transportation plan adopted pursuant to Section 65080.

In 2016, SANDAG adopted the Regional Transportation Improvement Program (RTIP) for the San Diego Region. The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed reorganization and sphere amendments are not anticipated to have any effects on the RTIP within the proposal area.

(h) The proposal's consistency with city or county general and specific plans.

The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed reorganization and sphere amendments do not include any changes to existing city or county general and specific plans or land use/zoning designations within the proposal area.

(i) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.

The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed sphere amendments are necessary so that the proposal's jurisdictional changes are consistent with the affected agencies' spheres.

(j) The comments of any affected local agency or other public agency.

The Tri-City HD is the proponent for the proposed “Tri-City Healthcare District Reorganization” and has submitted a resolution of application to initiate LAFCO proceedings. The other two affected HDs – Fallbrook Regional HD and Palomar Health HD – have provided written support for the proposal. LAFCO has not received any other comments from affected agencies or other public agencies regarding the proposed reorganization.

(k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

In 2015, San Diego LAFCO approved the “5-Year San Diego County Healthcare Services Municipal Service Review and Healthcare Districts Sphere of Influence Review” (MSR/SOI). The Commission's 2015 MSR/SOI determinations affirmed the adopted spheres of influence for the local healthcare districts and confirmed the adequacy of their provision of healthcare

services. The proposed “Tri-City Healthcare District Reorganization” involves annexation of unserved incorporated territory to the Tri-City Healthcare District, and reorganizations of existing healthcare district territory between the Tri-City Healthcare District and the Fallbrook Regional Healthcare District, and, between the Tri-City Healthcare District and the Palomar Health Healthcare District. The Commission’s 2015 MSR/SOI determinations confirmed the local healthcare districts’ adequate financial ability to provide healthcare services, while also noting that the independent hospital operations of the Fallbrook Regional Healthcare District, the Palomar Health Healthcare District, and the Tri-City Healthcare District appeared to be unsustainable in the competitive healthcare market without partnerships with larger healthcare systems such as the leasing agreement between the Grossmont Healthcare District and the Scripps Healthcare System.

(l) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.

The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed reorganization and sphere amendments will not affect water supplies or water service within the proposal area.

(m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed reorganization and sphere amendments will not affect the cities and the County in achieving their respective fair shares of the regional housing needs within the proposal area.

(n) Any information or comments from the landowner or owners, voters, or residents of the affected territory.

LAFCO has not received any comments from landowners, voters, or residents of the affected territory regarding the proposed “Tri-City Healthcare District Reorganization.”

(o) Any information relating to existing land use designations.

The proposed “Tri-City Healthcare District Reorganization” involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar

Health HD. The proposed reorganization and sphere amendments do not include any changes to existing city or county land use or zoning designations within the proposal area.

(p) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

The proposed "Tri-City Healthcare District Reorganization" involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed reorganization and sphere amendments are not anticipated to directly affect the promotion of environmental justice within the proposal area.

Government Code Section 56668.3 (District annexation). *(a) If the proposed change of organization or reorganization includes a city detachment or district annexation, except a special reorganization, and the proceeding has not been terminated based upon receipt of a resolution requesting termination pursuant to either Section 56751 or Section 56857, factors to be considered by the commission shall include all of the following:*

- 1) In the case of district annexation, whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.**

The proposed "Tri-City Healthcare District Reorganization" involves reorganization of the local service areas of the Tri-City HD, Palomar Health HD, and Fallbrook Regional HD, and includes amendments to the adopted spheres of influence for Tri-City HD and Palomar Health HD. The proposed sphere amendments and reorganization will be for the interest of landowners and present and future inhabitants within the district and within the territory proposed to be annexed to the district. The Tri-City HD has stated in its resolution of application as the initiating proponent that the proposed reorganization will provide specific benefits to the proposal areas as follows:

- Annexation of the proposal areas into Tri-City HD will allow the District to open, market, and expand special operations, host health awareness events, participate in community outreach, and open needed primary care and specialty care clinics and offices within largely whole incorporated boundaries.
- Annexation into Tri-City HD will provide a better accounting of the unique healthcare needs of the proposed areas by aligning its jurisdictional boundary to largely whole incorporated boundaries. Tri-City HD is required to submit a significant amount of data to the Office of Statewide Health Planning and Development (OSHPD) and the Department of Healthcare Services. Such reporting is done annually and is disclosed online. Tri-City HD also provides standardized reports to the Centers for Medicare & Medicaid Services. Tri-City HD states that, since the late 1990s, nonprofit hospitals in

California have been subject to requirements for the assessment of community health needs, and must then respond to those needs on a regular basis. Following the passage of the Affordable Care Act, nonprofit hospitals are required to assess community needs in a robust and data-driven fashion and articulate how they plan to use their community benefit programs and funds to respond to those needs. As a result, many District Hospital community benefit programs, like those at Tri-City HD, have caught up to the rest of health philanthropy in terms of best practices related to disease prevention and addressing social detriments of health (such as disease prevention, healthy lifestyles, education, and behavioral health). Including the residents of Shadowridge (Vista) and Carlsbad into these measurements and services will provide meaningful outcome data to enhance their health and wellbeing.

- Tri-City HD will be able to engage members of these local and largely whole incorporated communities to better educate their residents on services the District provides. Tri-City HD will be better able to inform district residents of its goals and accomplishments, emphasizing its work in areas into which private sector and for-profit healthcare systems are unable or unwilling to venture.

The San Diego Union-Tribune

PROOF of Publication

ATTACHMENT FIVE

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FEB 15 2018

SAN DIEGO LAFCO

Bill To:

LOCAL AGENCY FORMATION COMMISSION (LAFCO) - CU00476103
9335 Hazard Way
Ste 200
San Diego, CA 92123-1222

**STATE OF ILLINOIS
COUNTY OF Cook**

The Undersigned, declares under penalty of perjury under the laws of the State of California: That he/she is and at all times herein mentioned was a citizen of the United States, over the age of twenty-one years, and that he/she is not a party to, nor interested in the above entitled matter; that he/she is Chief Clerk for the publisher of

Proof of Publication of

See Attached

San Diego Union-Tribune

a newspaper of general circulation, printed and published daily in the City of San Diego, County of San Diego, and which newspaper is published for the dissemination of local news and intelligence of a general character, and which newspaper at all the times herein mentioned had and still has a bona fide subscription list of paying subscribers, and which newspaper has been established, printed and published at regular intervals in the said City of San Diego, County of San Diego, for a period exceeding one year next preceding the date of publication of the notice hereinafter referred to, and which newspaper is not devoted to nor published for the interests, entertainment or instruction of a particular class, profession, trade, calling, race, or denomination, or any number of same; that the notice of which the annexed is a printed copy, has been published in said newspaper in accordance with the instruction of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

February 12, 2018

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated in the City of Chicago, State of Illinois
on this 12th of February 2018.

Stefanie Sobie
San Diego Union-Tribune
Legal Advertising

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Legal Notices

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