



San Diego County
Local Agency Formation Commission
 Regional Service Planning | Subdivision of the State of California

7b

AGENDA REPORT
 Public Hearing

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
 Priscilla Mumpower, Assistant Executive Officer

**SUBJECT: Progress Report on the Annual Workplan Activities
 and Proposed Amendments to Advance Scheduled Municipal Service Reviews**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a progress report on the commencement of the adopted workplan and the 30 special projects for 2023-2024 as well as consider specific amendments. Three projects have advanced during the first month of the fiscal year and are now nearing their completion. This grouping is marked by developing supporting contractual agreements involving LAFCO’s new planning grant to perform market and gap analysis in support of small farming operations. Proposed amendments involve internal adjustments and advance municipal service reviews involving the San Diego County Water Authority and healthcare districts as the highest workplan priorities in 2023-2024. It is recommended the Commission formally receive the progress report consistent with practice as well as approve the proposed amendments.

BACKGROUND

San Diego LAFCO’s current fiscal year workplan was adopted at a noticed public hearing held in May 2023. The workplan is multi-year planning tool that is developed and updated annually. The current workplan includes 30 projects and is divided into two distinct categories – statutory and administrative – along with priority assignments set by the Commission.

<p>Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103-6624 T 619.321.3380 www.sdlafco.org lafco@sdcounty.ca.gov</p>	<p>Chair Jim Desmond County of San Diego</p> <p>Joel Anderson County of San Diego</p> <p>Nora Vargas, Alt. County of San Diego</p>	<p>Kristi Becker City of Solana Beach</p> <p>Dane White City of Escondido</p> <p>John McCann City of Chula Vista</p>	<p>Vice Chair Stephen Whitburn City of San Diego</p> <p>Marni von Wilpert, Alt. City of San Diego</p>	<p>Jo MacKenzie Vista Irrigation</p> <p>Barry Willis Alpine Fire Protection</p> <p>David A. Drake, Alt. Rincon del Diablo</p>	<p>Andy Vanderlaan General Public</p> <p>Harry Mathis, Alt. General Public</p>
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DISCUSSION

This item provides San Diego LAFCO with its regular progress report on accomplishing projects calendared in the adopted workplan for 2023-2024. The report tracks the Commission's progress through the first month and shows more than one-third of all projects are underway. A full status detailing is provided as Attachment One. The Commission will also consider amendments to the workplan involving internal adjustments to accommodate the placement of the scheduled municipal service reviews on the San Diego County Water Authority and healthcare districts as the highest priorities for the fiscal year.

ANALYSIS

San Diego LAFCO is generally proceeding as planned in commencing the adopted workplan and this includes focusing on table-setting several higher priority projects. A prominent example involves developing multiple contract agreements necessary to initiate LAFCO's new planning grant ("SALC 2.0") to analyze invest returns and related gap opportunities to support small farming operations in San Diego County. Another example during the first month involves working with our contract human resource consultant – Regional Government Services Authority – in completing a scope of work ahead of formally proceeding with a comprehensive update to LAFCO's personnel policies.

Two separate sets of amendments are also proposed to the workplan as part of this regular update. Both amendments involve internal adjustments to advance two different projects to the top of the priority listing going forward this fiscal year as further described.

- The first amendment advances the priority placement of the scheduled municipal service review on the San Diego County Water Authority from No. 14 to No. 1 while concurrently moving back the placements of the other 13 projects.¹ This adjustment is consistent with the Commission's direction generated during the July 10th special meeting in deliberating over the Fallbrook and Rainbow's detachment proposals and concerns regarding County Water Authority's service and governance models. Additionally, and as communicated by most of the Commissioners, related direction involves providing specific updates on the status of the municipal service review on the County Water Authority no less than every quarter until the project is completed.
- The second amendment advances the priority placement of the scheduled municipal service review on healthcare districts in San Diego County from No. 8 to No. 2 while concurrently moving back the placements of the other six projects. This adjustment is proposed by the Executive Officer and responds to comments received over the last several weeks from various community leaders and service providers that collectively reflect increasing concerns with level of care in North County. Staff suspects similar timing concerns exist in other areas of San Diego County given the common denominator where demands are rising – especially with respect to mental health care – beyond proportional increases in available funding.

¹ This municipal service review includes an abbreviated evaluation involving the Metropolitan Water District of Southern California.

Proceeding now with the proposed amendments will serve to memorialize Commission priorities in 2023-2024 to focus LAFCO resources first-and-foremost in advancing the municipal service reviews on the County Water Authority and local healthcare districts beyond their current placements. The amendments relatedly position both projects to receive additional funding resources as needed from reserves under a proposed amendment to Fiscal Policy 101, which is separately addressed as part of Agenda Item No. 6f.

RECOMMENDATION

It is recommended San Diego LAFCO discuss the progress report on the adopted annual workplan in step with formally receiving as well as proceed with approving the above-detailed amendments. This recommendation would be accommodated by taking the actions outlined in the proceeding section as Alternative One.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

- (a) Discuss and receive the progress report on the adopted annual workplan.
- (b) Approve the amendments to the adopted annual workplan as described with direction to staff to provide quarterly updates on activities associated with the municipal service review on the San Diego County Water Authority.

Alternative Two:

Continue consideration of the item and provide direction as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as a voluntarily noticed public hearing. The following procedures apply.

- 1) Disclose any material ex parte communications.
- 2) Receive verbal report from staff unless waived.
- 3) Open the hearing and invite public testimony.
- 4) Discuss item, close hearing, and consider the staff recommendation.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

- 1) 2023-2024 Workplan with Status Notations
- 2) Related Communications
 - a) Letter from Palomar HCD, dated July 7, 2023
 - b) Letter from Palomar HCD, dated July 18, 2023

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Priority	Level	Type	Project	Description	Status
Ongoing	...	Statutory	Applicant Proposals and Requests	Prioritize resources to address all applicant proposals and related requests	
Ongoing	...	Administrative	Targeted LAFCO Presentations	Coordinate timely public outreach; emphasis on informing stakeholders ahead of MSR work	
Ongoing	...	Statutory	Workplan and Budget Management	Actively manage the workplan and budget resources with quarterly updates to the Commission	
1	High	Administrative	Recruit, Hire + Support Staff	Ensure all 9.0 budgeted positions are filled in a timely manner with ongoing resource support	
2	High	Administrative	Commissioner Onboarding	Create onboarding resources and related training for new and continuing Commissioners	
3	High	Administrative	Online Accounting	Transition QuickBooks accounting from desktop to online platform + make use of public-facing features	
4	High	Administrative	Policy Personnel: Part I	Develop and approve scope of work to update personnel policies to reflect best practices	
5	High	Administrative	Policy Personnel: Part II	Complete comprehensive update of personnel policies	
6	High	Statutory	MSR Oceanside Region	Complete the scheduled reviews of the City of Oceanside, Oceanside SC Harbor District, and Moreno Hills CSD	
7	High	Statutory	MSR Carlsbad Region	Complete the scheduled reviews of the City of Carlsbad, Carlsbad MWD, and Leucadia WWD	
8	High	Statutory	MSR Healthcare Districts	Initiate a comprehensive study of the four healthcare districts in San Diego County	
9	High	Administrative	SALC Planning Grant 2.0	Initiate work on two-year grant to expand SALC 1.0 to establish ag costs/revenues with gap analysis	
10	High	Administrative	RCD Ad Hoc Committee: Year Two	Report on Year One activities and (b) initiate Year Two activities as determined by the Commission	
11	Medium	Statutory	Policy Out-of-Agency Services	Complete policy establishment involving the approval process for out-of-agency services (G.C. 56133)	
12	Medium	Statutory	MSR San Marcos Region	Complete the scheduled reviews of the City of San Marcos, Marcos FPD, & Vallecitos WD	
13	Medium	Statutory	MSR Vista Region	Complete the scheduled reviews of the City of Vista, Vista ID, Vista FPD, & Buena SD	
14	Medium	Statutory	MSR CWA-MET	Initiate scheduled review of wholesale water suppliers – CWA (comprehensive) and MET (abbreviated)	
15	Medium	Administrative	White Paper Public Recreation Opportunities	Evaluate potential governance models involving San Diego-owned reservoirs in unincorporated areas	
16	Medium	Administrative	White Paper Growth Management + Housing	Evaluate growth management policies + connectivity between LAFCO, County, and SANDAG	
17	Medium	Administrative	Special Districts Advisory Committee	Provide administrative support to Advisory Committee and hold no less than three formal meetings in FY	
18	Medium	Administrative	Cities Advisory Committee	Provide administrative support to Advisory Committee and hold no less than two formal meetings in FY	
19	Medium	Administrative	Website Content Expansion	Proceed with content expansion for newly redesigned LAFCO website with multi-media enhancements	
20	Medium	Administrative	2022-2023 Audit	Complete outside audit of financial statements for FY2023	

Priority	Level	Type	Project	Description	Status
21	Low	Statutory	Legislative Proposal G.C. 56133	Continue work to support amendment clarifying authority to determine out-of-agency service exemptions	
22	Medium	Statutory	Policy Applicant Procedures	Update and streamline application materials and establish protocols in terminating proposals	
23	Medium	Statutory	MSR Encinitas Region	Initiate a regional study covering the City of Encinitas + San Dieguito WD et al.	
24	Low	Statutory	MSR Del Mar-Solana Beach Region	Initiate a regional study covering the Cities of Del Mar and Solana Beach + Santa Fe ID et al.	
25	Low	Statutory	Legislative Proposal G.C. 56430	Sponsor and/or facilitate amendment establishing community engagement enhancements in MSR statute	
26	Low	Administrative	Service + Fiscal Indicators	Develop online browser feature to depict service + fiscal indicators among local agencies in San Diego County	
27	Low	Administrative	White Paper School Districts	Evaluate scope and scale of school districts + their baseline capacities for reference in MSRs	
28	Low	Administrative	Liaison with Local Tribes	Establish communication protocols with local tribes with respect to shared interests in regional services	
29	Low	Administrative	Annual Local Agency Directory	Update and publish an annual local agency directory subject to LAFCO oversight	
30	Low	Administrative	White Paper Community Choice Aggregations	Evaluate scope and scale of CCAs and their operations in San Diego County and connectivity to LAFCO	

Bullpen	Statutory	Policy Review Island Annexations	Consider options to define “substantially surrounded” and provide related mapping services
Bullpen	Administrative	White Paper Garbage Services	Evaluate the scope and scale of garbage collection services and possible governance alternatives
Bullpen	Administrative	White Paper Homeless Services	Evaluate the scope and scale of homeless services and possible governance alternatives
Bullpen	Administrative	LAFCO Workshop	Organize a Commission Workshop to discuss core responsibilities + powers and implementing preferences
Bullpen	Administrative	Public Access Television	Broadcast LAFCO meetings on local government channels
Bullpen	Statutory	MSR Pauma Valley Region	Initiate a regional study covering the north county special districts in the Pauma/Rincon communities
Bullpen	Administrative	SOI/MSR Annual Report	Update and publish an annual report documenting all recorded municipal service review and sphere of influence actions
Bullpen	Statutory	Policy Fee Schedule	Review and update fee schedule to sync with current costs and related considerations
Bullpen	Statutory	Policy CEQA Guidelines	Review and update existing implementing guidelines relative to current statute and best practices
Bullpen	Administrative	County Planning Groups	Monitor regular meetings of the County’s 28 Planning and or Sponsor Groups and directly engage as appropriate
Bullpen	Statutory	Disadvantaged Unincorporated Communities	Update DUC mapping designations (DUC) in San Diego County based on current census information
Bullpen	Administrative	Local Agency Finder Tool	Develop online feature for users to enter address to identify all overlapping local jurisdictions (cities and districts)
Bullpen	Administrative	Southern California LAFCOs	Participate in quarterly meetings with other Southern California LAFCOs and related projects and/or trainings
Bullpen	Administrative	CALAFCO	Participate in CALAFCO sponsored programs and related trainings (conferences, workshops, committees, etc.)
Bullpen	Statutory	Policy Commission Rule No. 4	Modernize Rule No. 4 and its provisions to regulate special districts’ service functions and classes
Bullpen	Statutory	Escondido Region Governance Study	Study options to consolidate (functional and political) the City of Escondido and Rincon del Diablo MWD
Bullpen	Administrative	White Paper JPAs	Evaluate the status of JPA filings in San Diego County relative to LAFCO’s task in SB 1261
Bullpen	Statutory	Policy Cities Advisory Committee	Coordinate with CAD in updating bylaws and related procedures to sync with current member interests/priorities
Bullpen	Statutory	Policy Special Districts Advisory Committee	Coordinate with SDAC in updating bylaws and related procedures to sync with current member interests/priorities

Complete	Near Complete	Underway	Pending



Memorandum

To: Keene Simonds, Executive Officer, SD Local Agency Formation Commission
From: Diane Hansen, President & CEO, Palomar Health
Date: July 7, 2023
Subject: Update Regarding Delivery of Health Care Services in North County

This is to update you on our existing out of agency services, inform you of our efforts to assure that the residents of North County have access to quality health care, and to alert you to the possibility that you may be contacted before the contemplated Municipal Service Review of health care districts is completed if anticipated health and safety threats do materialize.

Our services to patients from Vista Community and True Care Clinics continue as we requested of you on June 6, 2022 and approved by your Commission on October 3, 2022. Although your Commission acted on March 6, 2023 to confirm that these arrangements may continue through March 1, 2025, as it appears now those services may need to continue well beyond that date.

Although you and your staff will be undertaking a Municipal Service Review of all health care districts in San Diego County – and we support that effort and stand willing to provide you with whatever information you may need – we are, by necessity, in the process of trying to modify the existing circumstances to be able to assure that the residents of North County have access to quality health care. As we indicated at the time our contracts with the clinics were approved, we were engaged in discussions with Tri-City to explore ways to coordinate and collaborate to accomplish that goal. We continue those discussions to explore avenues to accomplish that whether it be through a joint powers agreement, any other contractual arrangement, or even a merger of the two districts.

As you may know the health care industry in general is experiencing many pressures and is very stressed. Here in North County the potential turmoil is even more acute. Regularly we are contacted by providers whose patients will ultimately need hospital care. At Palomar Health we need to be prepared to provide care for any patients whose needs cannot be met at Tri-City for any number of reasons: cessation of services, lack of physicians, etc. A sudden increasing demand for services cannot be satisfied overnight by flipping a switch. The provision of quality health care requires considerable planning both for facilities and for staff.

Although we will continue in our attempt to resolve the situation through discussions with officials of Tri-City, these efforts have gone on for over a year now without any definite resolution. Accordingly, we will proceed on multiple tracks by continuing discussions with officials of Tri-City, by preparing an application for annexation of the Tri-City area if necessary, and by preparing to seek approval of additional out of agency service agreements if a health and safety threat develops at any time.

Please contact me or my staff if you have any questions.

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07.18.2023

Dear LAFCO Commissioners;

On the heels of the devastating and costly pandemic, health care providers throughout the state are struggling to maintain adequate levels of care. District hospitals are threatened now more than ever. While it is true that some private hospitals returned CARES Act funding, most district hospitals absorbed millions of dollars in losses due to shortfalls in relief funds. District hospitals fill a vital role in the community, treating low-income patients, and other underrepresented groups. Collectively, we are the safety net for San Diego.

To further escalate the financial crisis, pending Sacramento legislation through SB525, would increase costs for all healthcare providers in California by \$8 billion per year by 2025. This comes at a time when many providers already are teetering on the brink from the impacts of the pandemic and soaring inflation. In May, Governor Newsom acknowledged the challenge before us by signing a \$150M bill to provide loans to help struggling hospitals remain in operation, or to assist in the reopening of recently closed hospitals.

Right now, more than half of California's hospitals are operating at a loss. There are a handful of hospitals that have either closed or began bankruptcy proceedings this year. All serve a disproportionate share of low-income patients. Suffice it to say, this is a time of absolute crisis for California hospitals.

Municipal Service Reviews serve as a centerpiece to the work of LAFCO. We understand that the Board has established a five-year study schedule to guide its task to review and update the spheres of influence of cities and special districts under the Commission's oversight. While Palomar Health remains empathetic to the many competing priorities in the work plan, the purpose of this letter is to request an expedited municipal service review of district hospitals in the San Diego Region given the state of emergency California hospitals are facing.

Thank you in advance for your consideration,



Diane Hansen, CEO

Administration

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