

**APPROVED
SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
MAY 4, 2015**

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There being a quorum present, the meeting was convened at 9:00 a.m. by Chairman Supervisor Bill Horn. Also present were: Regular Commissioners – Vice Chairman Sam Abed; Supervisor Dianne Jacob; Special District Member Jo Mackenzie and Public Member Andy Vanderlaan. Alternate Commissioners – City Councilmember Racquel Vasquez (arrived 9:05 a.m.) and Special District Member Ed Sprague. LAFCO Staff – Executive Officer Michael Ott; Local Government Analyst Robert Barry; LAFCO Consultant Harry Ehrlich and Legal Counsel Michael Colantuono. Absent were: Regular Commissioners: City Councilmember Lorraine Wood; City Councilmember Lori Zapf and Alternate Commissioners: Public Member Harry Mathis; Supervisor Greg Cox; and City Councilmember Chris Cate.

Item 1

Roll Call

The Commission Secretary performed the roll call for the May 4, 2015, LAFCO meeting. With the exception of Regular Commissioners Lorie Zapf and Lorraine Wood and Alternate Commissioners Greg Cox, Harry Mathis and Chris Cate, all other Commissioners were present. Alternate Special District Member, Ed Sprague voted in place of the vacant district seat on the Commission and Alternate City Councilmember, Racquel Vasquez voted in place of City Councilmember Wood.

Item 2

Approval of Minutes of Meeting Held April 6, 2015

On motion of Commissioner Abed, seconded by Commissioner Vanderlaan, and carried unanimously by the Commissioners present; the Commission dispensed with reading the minutes of April 6, 2015 and approved said minutes.

Item 3

Commissioner / Executive Officer Announcements

Chairman Bill Horn asked the Executive Officer if there were any announcements. Executive Officer Michael Ott indicated that there were no announcements.

Item 4

Executive Officer's Recommended Agenda Revisions

Chairman Bill Horn asked the Executive Officer if there were any agenda revisions. Executive Officer Michael Ott indicated that there is one agenda revision related to Item 6. Mr. Ott said that additional materials were received from Colantuono, Highsmith and Whately, PC and a handout was provided for the Commission. The materials indicated

that Mr. Colantuono had previously been retained by Palomar Health Care District for board training and a labor issue. Mr. Ott indicated that if the Commission determines that no conflict exists, then the Executive Officer should be directed to sign a conflict waiver form.

Item 5
Public Comments

Chairman Bill Horn asked the public if anyone requested to speak on an item that is not related. He indicated that there were no speaker slips received from members of the public for comments.

Item 6A, 6B and 6C
**Proposed “Five–Year Sphere of Influence and Service Review:
San Diego County Health Care Services Municipal Service Review and
Health Care District Sphere of Influence Reveiw Fallbrook Health Care
District; Grossmont Health Care District; Palomar Health Care District
and Tri–City Health Care District (MSR/SR/SA13-65; MSR/SR/SA13-67;
MSR/SR/SA13-77; MSR/SR/SA13-92)**

Michael Ott indicated that the Commission received a letter from LAFCO’s Legal Counsel, Michael Colantuono regarding his retention by Palomar Pomerado Health Care District, involving item 6A, 6B and 6C. Mr. Ott said due to ethical conduct rules; the Commission should consider whether Mr. Colantuono should represent LAFCO. He also said that Mr. Colantuono’s involvement related to the agenda items does not represent a conflict and requested that the Commission consider the conflict wavier consent letter to allow Mr. Colantuono to represent LAFCO.

Michael Colantuono, Legal Counsel indicated that he may represent LAFCO adversely to the affected agency in the proposed item and that there has not been any conflict of interest or LAFCO issue between LAFCO and Palomar Health Care District.

Commissioner Andy Vanderlaan placed a motion on the floor that Mr. Colantuono represents LAFCO. Commissioner Sam Abed also indicated that Mr. Coloantuono inform the Commission if there is a conflict of interest during the discussion of the staff report.

With no further discussion from the Commission, on motion of Commissioner Vanderlaan, seconded by MacKenzie, and carried unanimously by the commissioners present (Abed, Horn, Jacob, MacKenzie, Vanderlaan and Vasquez).

Chairman Horn opened the public hearing.

Michael Ott said item 6A, 6B and 6C involves a five–year update to the sphere of influence and municipal service review for the Fallbrook Health Care District, Grossmont Health Care District, Palomar Health Care District and the Tri–City Health Care District. Mr. Ott said that Robert Barry will provide a PowerPoint presentation.

Robert Barry, Local Governmental Analyst, provided a PowerPoint presentation to the Commission regarding the Five-Year Sphere of Influence and Service Review for the San Diego County Health Care Districts. Mr. Barry discussed populations, service areas, spheres of influences, designation of special study areas, services and facilities and finances, local voter support for leasing/operating agreements, and bond measures regarding the health care districts. Mr. Barry indicated that a sphere and service review was conducted in 2007. He indicated that Tri-City Health Care District at one time considered a sphere expansion to include annexation within the City of Carlsbad to the (La Costa) and (Shadowridge) area. He also said that the municipal service review and sphere review concludes that Tri-City, Palomar Health, and Grossmont Health Care Districts are accountable for local community service needs within their service areas. He said that Fallbrook Health Care District has experienced significant local hospital operational issues that resulted in a closure of its acute care facility in December 2014. Mr. Barry recommended that the spheres be reaffirmed, updated, and amended to include special study areas.

Mr. Colantuono commented about federal funding, bonds, and Proposition 13 (property tax) for the health care districts.

Chairman Horn inquired about who has jurisdiction over the Camp Pendelton area and why is the area considered a special study area. In response to the question, Mr. Barry said that there is an overlap within the Tri-City Health Care District boundaries and further review is continuing with the district for clarification. Mr. Ott indicated that the reason to designate the entire area for a special study area is because a portion of Camp Pendelton's territory is within the Tri-City Health Care District and it is likely that the territory should be removed from Tri-City Health Care District's sphere.

Commissioner Jo MacKenzie asked about the bonded indebtedness and whether residents must pay an apportionment if there is an annexation. In response to the the question, Mr. Ott said that upon annexation any bonded indebtedness would transfer to voters included in the District. He also said that property owners within the annexation territory would not be required to vote on the bonded indebtedness.

Commissioner Sam Abed commented about the private healthcare providers and health care districts' financial and operational cost issues and LAFCO's purview regarding the health care districts.

Alternate Commissioner Ed Sprague asked about the special study area for the Fallbrook Health Care District and how future alternative services could be provided in the future. In response to the question, Mr. Ott said that the district's current coterminous sphere will be reaffirmed and that within the next five-year sphere review study, LAFCO staff will confer with Fallbrook and the other health care districts regarding alternative services.

Chariman Horn indicated that there are two speaker slips in support of the item.

Julianne Nygaard, supported the item, but did not address the Commission.

Wayne Knight, Representative for Tri-City Health Care District, addressed the Commission in support of the item. Mr. Knight indicated that the District will support the Special Study Areas No. 1, 2 and 3 and that they will work with the other health care districts to complete the associated studies.

Supervisor Dianne Jacob commended LAFCO staff for an outstanding report. Supervisor Jacob addressed concerns about population, regional relationships and financial stability between the private hospitals and health care districts within the region.

Stephen Abbott, Representative for Fallbrook Health Care District, addressed the Commission in support of the item. Mr. Abbott indicated that the District has currently placed a Request for Proposal to help re-tool the District.

Chairman Horn closed the public hearing item.

With no further speakers from the public and no further discussion from the Commission, on motion of Commissioner Abed, seconded by MacKenzie, and carried unanimously by the commissioners present (Abed, Horn, Jacob, MacKenzie, Vanderlaan and Vasquez), the Commission took the following actions:

1. Find in accordance with the Executive Officer's determination that pursuant to Section 15061(b) (3) of the State CEQA Guidelines, sphere updates, affirmations, and amendments are not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA.
2. Find in accordance with the Executive Officer's determination that pursuant to Section 15306 of the State CEQA Guidelines, the service review is not subject to the environmental impact evaluation process because the service review consists of basic data collection, research, management, and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource. The project is strictly for information gathering purposes and is a part of a study leading to an action that has not yet been approved, adopted or funded.
3. Determine, pursuant to Government Code Section 56430, the San Diego Local Agency Formation Commission is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence.
4. Determine, pursuant to Government Code Section 56425, the San Diego Local Agency Formation Commission is required to develop and determine a sphere of influence for each local governmental agency within the County, and review and update, as necessary.

5. Determine that on June 2, 1986, the San Diego LAFCO adopted coterminous spheres of influence for the Fallbrook HD, Tri-City HD, Palomar Health HD, and Grossmont HD, and that the Commission affirmed, established, and updated each sphere and service review on August 6, 2007.
6. Determine that the Fallbrook HD, Tri-City HD, Palomar Health HD, and Grossmont HD have undergone a sphere of influence and service review in 2015 and for the reasons contained in the Executive Officer's report, affirm, update, and amend the spheres by designating territory as Special Study Areas as shown on the maps, attached hereto.
7. Determine that prior to the next *San Diego County Health Care Services Municipal Service Review (MSR) & Health Care District Sphere of Influence Review (SR)* in 2020, the Fallbrook HD and LAFCO staff should confer to determine if the Fallbrook HD should receive a Special Study Area Designation and/or be assigned a transitional sphere designation indicating that the Fallbrook HD should be dissolved and its service responsibilities reallocated to anyone or all of the remaining Health Care Districts in San Diego County.
8. Determine that prior to the next *San Diego County Health Care Services Municipal Service Review (MSR) & Health Care District Sphere of Influence Review (SR)* in 2020, each of the Health Care Districts should evaluate if the territory located within the Special Study designations should be included within their spheres and/or jurisdictional boundaries.
9. Determine that per Government Code Section 56425(i), the written statements on file with the Commission specifying the nature, location, and extent of any functions or classes of services provided by each of the Health Care Districts shall be reaffirmed.
10. Direct the Executive Officer to prepare Statements of Determinations pursuant to Government Code Sections 56425 and 56430 affirming, updating, and amending the respective spheres of influence and service review associated with the *2015 San Diego County Health Care Services Municipal Service Review (MSR) & Health Care District Sphere of Influence Review (SR)*, based on the reasons contained in the Executive Officer's report and recommendations.
11. Direct the Executive Officer to include the Commission's actions per these recommendations in a resolution of approving the affirmation, update, and amendment of the spheres of influence and service review for the Fallbrook HD, Tri-City HD, Palomar Health HD, and Grossmont HD.

Item 7

Legislative Status Report

Harry Ehrlich, Director of Legislative provided an update to the Commission regarding the current state legislation activities. He informed the Commission that two new bills

have been introduced. Mr. Ehrlich provided details on the new bills impacting LAFCOs and recommend an oppose position on SB 239 (Hertzberg) and a watch position on SB 272 (Hertzberg). He also said that the Commission and LAFCO have taken a support position on the following bills:

AB 851 (Hertzberg: Disincorporations). This bill addresses the re-writing of outdated statutes related to disincorporations in the Cortese–Knox–Hertzberg Local Governmental Reorganization Act 2000. Recommended position: Support

AB 1532 (Committee on Local Government: Local government omnibus bill). This bill provides for a technical update to the Cortese–Knox–Hertzberg Local Government Reorganization Act 2000. Recommended position: Support

On motion of Commissioner Vanderlaan, seconded by Alternate Commissioner Vasquez, and carried unanimously by the commissioners present, the Commission took the following action:

Received, discussed and approved positions recommended by LAFCO Staff on the May 2015 Legislative Status Report.

Item 8
Third Quarter FY 2014-15 Executive Officer
Self-Approved Claims Report

Michael Ott indicated that there were no Quarterly Self-Approved Expense Claims to report.

On motion of Commissioner Jacob, seconded by Commissioner Vanderlaan, and carried unanimously by the commissioners present, the Commission took the following action:

Accepted and ratified the Quarterly Self-Approved Expense Claims Report.

Item 9
Cancellation of the June 1, 2015 Meeting

Michael Ott indicated that the June 1, 2015 LAFCO Meeting will be cancelled due to a conflict with the meeting room. The Commission approved the meeting cancellation.

There being no further business to come before the Commission, the meeting adjourned at 10:30 a.m. to the July 6, 2015 meeting, in Room 302, County Administration Center.

Tamaron Lockett
Administrative Assistant
San Diego Local Agency Formation Commission