

CALAFCO BULLETIN

Update of Little Hoover Commission and Assembly Local Government Committee Oversight Hearing on Healthcare Districts

March 14, 2017



Little Hoover Commission

As a follow up to the hearings and workshops held in 2016 (August, October and November) by the Little Hoover Commission (LHC) on special districts and LAFcos, the LHC staff compiled a draft report for the Commission's consideration and adoption at their February meeting. During the February 23, 2017 business meeting, LHC staff presented a draft report to the Commission. Their staff worked closely with the Commission Chair on their recommendations, which were also shared with CALAFCO (although the draft report was not made public). In summary, they included many of CALAFCO's recommendations identified in our August testimony. For example: (1) The Legislature should curtail a growing practice of introducing and passing bills that override existing LAFco processes and authority; (2) Streamline the process for LAFcos to dissolve inactive districts; (3) Consider fixed terms for LAFco Commissioners (to avoid random removal); (4) Update the principal act for HCDs; and (5) Require HCDs to create community needs assessments, annually report their progress of meeting those needs, and file all reports with LAFco for inclusion in MSRs.

Several of the LHC Commissioners expressed concern that their staff's recommendations were too "status quo" and they desired something a bit more radical be done. Sentiments ranged from the most radical, which was to suggest putting the livelihood of districts to a vote of the people every ten years, to questioning what the actual problem is that the Commission is trying to solve. Others expressed a belief there are too many special districts, and others believe LAFcos are not doing enough in terms of oversight and management of many of the districts and therefore another oversight entity needs to be created. Ultimately there was no agreement among the Commission on how to move forward. As a result, the final report was tabled and another hearing is to occur in the fall (no date specified).

Since that meeting, CALAFCO met with LHC staff as well as their Chair and Vice Chair (both meetings were also attended by CSDA). We heard directly the general concerns of the Commission (from the Chair and Vice Chair's perspective), and were afforded the opportunity to clarify facts and data presented in our written testimony. Further it allowed us to share steps CALAFCO is taking proactively to address some of what we identified in our written testimony as opportunities for the future. We were encouraged to reach out directly to the Commissioners. Simultaneously, LHC staff will be receiving feedback from the Commission as to the specific issues they want to further discuss/review in the upcoming hearing.

CALAFCO is preparing a written response to the Commission in light of the outcome of the February 23 meeting and as a result of our meeting with the Commission Chair, Vice Chair and staff. (CSDA and their San Diego Chapter both issued letters to the Commission as a result of the February 23 meeting. However since CALAFCO was not present at the meeting, we needed to wait until we met with the Chair and Vice Chair to respond in writing.) Further, CALAFCO is convening a small working group to help shape outreach and education efforts to all LHC Commissioners, including the Legislators appointed to the Commission. This educational effort will go beyond what was contained in our written testimony last year and delve into current efforts as well as tell the story of actual LAFco actions. Your response to CALAFCO's pending request for information will be critical for us being able to tell an accurate story.

We will continue to be engaged with LHC staff and monitor any further developments coming from the LHC's business meeting on March 23.

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ALGC Oversight Hearing on Healthcare Districts

On March 8, 2017 the ALGC held an oversight hearing on evolution of healthcare districts (HCDs). Following an overview of healthcare districts by Carolyn Chu of the Legislative Analyst Office (LAO) and an overview of the LAFCo connection by Michael Colantuono (Colantuono, Highsmith & Whatley), the Committee was presented with five case studies. Three were from hospital districts, each with a different model (Tahoe Forest HCD, Grossmont HCD and Del Puerto HCD) and two were from LAFCos (Contra Costa and Sonoma). The case studies were followed by a brief period of public comment.

After telling their individual stories, all three district representatives expressed their sentiments about LAFCo. These included their feeling that LAFCo was the correct entity to conduct the MSR of HCDs and their understanding of the need for these reviews; an encouragement for modification of the review process to allow MSRs to better serve stakeholders (suggestions included standardized questions specific to HCDs that also allowed for local circumstances and conditions to be considered); and greater resources for LAFCos to be more effective in the review and oversight of HCDs (and all other types of districts).

The two LAFCo representatives (Commissioner Don Tatzin, Contra Costa LAFCo and Executive Officer Mark Bramfitt, Sonoma LAFCo) shared their Commission's direct experience with the Mt. Diablo HCD merger with the City of Concord and the recent detachment of part of the Palm Drive HCD, respectively. In their compelling testimony, they conveyed the challenges Commissions face in making the difficult decision to reorganize a district. It was also made clear that while LAFCo may not be the appropriate entity to determine how a hospital should be run and exactly what their money should be spent on, they are the proper entity to review general finances, governance, boundaries and the other factors currently authorized by the Legislature and considered by LAFCo.

Questions from Committee members included what should be done with districts that repeatedly fail to respond to LAFCo's request for information; what may be better questions for inclusion in the MSR preparation process; what the liability is for district board members in non-responsive situations; how the revenue and expenses can be tracked and accounted for in the situations for which the district is unresponsive; and what is needed for LAFCos to do the work required, especially with respect to non-responsive districts.

CALAFCO now has the rare opportunity to take proactive action and work with the ALGC Chair and staff. Now is the time for us to consider what is needed for LAFCos to meet desired statutory requirements. What needs to change with respect to LAFCos and HCDs? While CALAFCO is working with CSDA and the Assoc. of CA Healthcare Districts, it is critical that we also act independently.

CALAFCO is putting together a small group to lead this effort that will include one (1) CALAFCO Board member and five (5) LAFCo staff and/or commissioners. If you are interested in participating please contact Executive Director Pamela Miller.