

### **2.5.2 Lake County Age Data**

The following table shows Lake County age data. People on average in Lake County are older than the population State-wide, which means that there are greater health care needs.

<u>Lake County Age Data</u> <sup>6</sup>		
	Lake County	California
Persons under 5 years old, 2010	5.6%	6.8%
Persons under 18 years old, 2010	21.1%	25.0%
Persons 65 years old and over, 2010	17.7%	11.4%

## **3 REDBUD HEALTH CARE DISTRICT**

The Redbud Health Care District was formed in 1964<sup>7</sup> and serves the residents of eastern and southern Lake County. The District provides grants to promote public health within the District. The District previously owned and operated a hospital facility but sold the facility to a private health care provider in 1997. However, RHCD continues to maintain a presence on the St. Helena Hospital Clear Lake Board, as one of the RHCD board members sits on the hospital board in an advisory capacity in accordance with the hospital sale agreement.

### **3.1 Location**

The District Office is located in Clearlake California at the following address:

Redbud Health Care District  
15322 Lakeshore Dr. Suite 103  
Clearlake, CA 95422

The mailing address for the District is as follows:

Redbud Health Care District  
PO Box 4667  
Clearlake, CA 95422

The phone number is 707-995-1716 and the fax number is 707-995-1754.

<sup>6</sup> <http://quickfacts.census.gov/qfd/states/06/06033.html>, April 27, 2011.

<sup>7</sup> Redbud Health Care District, Margaret Ward, Secretary, Phone 707-995-1716, May 3, 2011.

### **3.2 Board of Directors**

The Board of Directors for the Redbud Health Care District is as follows:

	Term Ends
Fred Poucher	December 2012
John Eckhardt	December 2012
Mark Holloway	December 2014
Susan Burton	December 2012
Conrad Colbrandt	December 2014

The Board members are elected for four-year terms. The Board meetings are held on the fourth Tuesday of each month at 9:30 a.m. at the District Office. The board agendas are printed and posted in advance of the meetings. The Board has one part-time employee, Margaret Ward.

### **3.3 Grant Policies**

The Redbud Health Care District has adopted updated and amended "Policy and Procedure Guidelines for Grants" on March 13, 2011. These updated and amended Guidelines are shown in their entirety in Appendix B at the end of this report. The Guidelines state the following regarding the type of grants awarded:

#### *I. Policy:*

*The purposes of Redbud Health Care District include the promotion of actions to provide health care services in the community. The Redbud Health Care District shall from time to time make grants to health care programs that promote the purpose of the District to enhance the provision of adequate health services to residents of the District.*

*Any grants made by the District are discretionary. All grant approvals shall be one-time only, and shall not create priority consideration for grantees as to any future grant funds. Decisions shall be subject to availability of District funds.*

#### *II. Procedure:*

##### *A. Scope of Grants:*

*Grant proposals will be considered by the District based on the following:*

- 1. The grantee shall be a nonprofit health organization or public agency providing health care services.*
- 2. The grantee shall be within and serving the residents of the District or providing a program that will serve the residents of the District.*
- 3. Grant funds will be used to assist grantees for the following purposes: (i) to enhance or supplement existing programs of the grantee; or (ii) to add "start-up funds" for new programs that are capable of continuing operation with stable funding from other sources.*

4. *Grants will be considered for any program which directly or indirectly enhances the health care of residents of the District.*
5. *The amount of the grant will be based on the funds available to the District for such purposes at the time of the grant approval.*
6. *Each grant proposal approved by the District will have a designated grant period within which the grantee may use the grant funds for an approved grant proposal and submit to the District the reports specified in Paragraph II.E.*
7. *Failure by a grantee to spend grant funds within the approved grant period shall result in the reversion to the District of all unspent grant funds. In addition, the District shall have the right to recoup any grant funds that are expended by a grantee in violation of the conditions of the Grant Agreement between the District and the grantee (the "Grant Agreement").*
8. *The District shall not utilize grant funds to conduct or support any service of a hospital or health care provider that competes with services of Adventist Health St. Helena Hospital Clear Lake ("SHCL") or its affiliates within the District by providing services, including the provision of hospital services, home health services or any other services that are substantially similar to services provided SHCL affiliates within the District by providing services, including the provision of hospital services, that are substantially similar to services provided by SHCL or their affiliates within the District.*

**B. Criteria for Grants:**

*The criteria for making decisions on grants shall be the following:*

1. *Whether the grant will be used to, directly or indirectly, provide health care services to the residents of the District.*
2. *Whether the grantee and/or the grant program is integrated with the public and private provider network within the community.*
3. *Whether the grant will be used to supplement or provide operating support for the provision of health care services, as opposed to use for capital costs.*
4. *Whether the grantee has other sources of funding (grant and operational) available for the grant program.*
5. *Whether the grantee has or can develop stable sources of future funding in order to sustain the grant program in future years without further grants from the District.*
6. *Whether the grant will be used to conduct or support a service of a Hospital or health care provider that competes with services of SHCL or its affiliates within the District.*

Grant recipients in FY 12 include the following:

Lake County Office of Education: Healthy Start Program  
St Helena Hospital Clear Lake: Emergency Room Extension (Capital Expenditures)  
Hospice of Lake County: General grant for bereavement programs  
Middletown Senior Center: General grant for various programs (i.e., Meals on Wheels)  
Adult Care/Respite: Alzheimer's Program  
So. Lake County Fire Protection District: Ambulance  
Northshore Fire Protection District: Ambulance  
Sunrise Special Services: Reach Out Program  
Lake County Fire Protection District: Ambulance  
Live Oak Seniors: General grant for various programs (i.e., Meals on Wheels)  
Highlands Senior Service Center: General grant for various programs  
Lake County Church Women United: Shoes for Kids  
CLO United Methodist Church: Initiation of a youth program  
Triple S Institute: Golden Ties  
Lake County Literacy Coalition: Teaching adults to read  
North Coast Opportunities: Clearlake Community Food Pantry Project  
Middletown High School: Safe and Sober Program  
Community Care-HIV/AIDS Project: HIV/AIDS patient day center  
Friendly Visitor Program: Elderly assistance  
Lower Lake High School: Safe and Sober Program

Grant recipients in FY 11 included the following:

Lake County Office of Education: Healthy Start Program  
St Helena Hospital Clear Lake: Emergency Room Extension (Capital Expenditures)  
Hospice of Lake County: General grant for bereavement programs  
Middletown Senior Center: General grant for various programs (i.e., Meals on Wheels)  
Adult Care/Respite: Alzheimer's Program  
So. Lake County Fire Protection District: Ambulance  
Northshore Fire Protection District: Ambulance  
Live Oak Seniors: General grant for various programs (i.e., Meals on Wheels)  
Lake County Fire Protection District: Ambulance  
Highlands Senior Service Center: General grant for various programs  
Community Care-HIV/AIDS Project: HIV/AIDS patient day center  
Friendly Visitor Program: Elderly assistance  
Lake County Community Action Agency: Food Program, New Beginnings, and Youth Services  
Community Care Management-Corp: Monitoring for individuals living alone  
Lower Lake High School: Safe and Sober Program  
Middletown High School: Safe and Sober Program  
Kelseyville Methodist Church: Shoes for Kids  
Mount Vista Middle School: Security and safety for 8<sup>th</sup> grader graduation  
CLO United Methodist Church: Initiation of a youth program  
LLHS Promotional Ceremony: Savings for senior graduation  
Lake Community Pride: Continuance of LCCAA Youth Center  
Lake County Literacy Coalition: Teaching adults to read  
Redwood Children's Services: Aid and support for disadvantaged children and teens

### 3.4 Budget

The Fiscal Year 2011 and 2012 budgets are as follows:

<b>REDBUD HEALTH CARE DISTRICT FYs11 &amp; 12 BUDGET REVENUE</b>			
		<b>FY 11</b>	<b>FY 12</b>
<b>Account</b>	<b>Revenue</b>	<b>Amount</b>	
401	FY 2011 Tax Revenue	\$744,000	\$770,000
402	Investment LAIF	3,000	1,900
402	Investment SHC Loan	40,000	40,000
	<b>TOTAL REVENUE</b>	<b>\$787,000</b>	<b>\$811,900</b>

Property taxes are levied by Lake County on the District's behalf and are used to support operations. The amount of property tax received is dependent upon the assessed real property valuations as determined by the Lake County Assessor. Property taxes are due in two equal installments on November 1 and February 1 each year and are delinquent if not paid by December 10 and April 10 respectively. In FY10, the District received 96% of its financial support from property taxes.<sup>8</sup>

<b>REDBUD HEALTH CARE DISTRICT FYs 11 &amp; 12 BUDGET EXPENSES</b>			
		<b>FY 11</b>	<b>FY 12</b>
<b>Account</b>	<b>Operating Expense</b>	<b>Amount</b>	
612	Accounting	2,350	2,500
615	Auditing	7,500	5,800
624	Bank Charges	0	0
626	Board Meeting Reimbursement	9,000	15,000
634	Dues and Subscriptions (ACHD/SDRMA)	9,500	1,715
643	Insurance-Directors and Officers	3,650	6,599
644	Insurance-General (Liability)	1,885	0
644	Insurance-General (ACHD Workers)*	1,000	0
652	Legal	100	200
654	Miscellaneous	500	500
659	Office Expense	790	900
660	Postage	0	1,000
663	Professional Fees	0	0
664	Purchase Service-Internet	440	1,380
671	Repair/Maintenance Contracts	500	540
674	Software	0	150
680	Taxes-Payroll	1,950	2,000
68	Telephone	1,388	1,610
684	Travel Expense	0	100
687	Utilities	795	1,200
691	Wages-General	24,000	26,000
	<b>Sub-Total Operating Expenses</b>	<b>\$66,348</b>	<b>67,194</b>

<sup>8</sup> Redbud Health Care District, Independent Auditors' Report, Matson and Isom, 3013 Ceres Avenue, PO Box 1638, Chico CA 95927-1638, Phone 891-6474, Fax 530-891-6689, October 6, 2010, Page 6.

\*The District participates in a joint venture under a joint powers agreement (JPA) with the Association of California Hospital Districts, Inc.-ALPHA Fund (the Fund). The Fund arranges for and provides members with pooled workers' compensation self-insurance.<sup>9</sup>

	<b>GRANTS EXPENSE</b>	<b>FY 11</b>	<b>FY 12</b>
638	Grants-Uncommitted Funds	236,141	247,377
638.1	Lake County Office of Education	190,000	190,000
639.53	St. Helena Hospital Clear Lake	100,000	100,000
639.52	Lake County Library Coalition	10,000	0
638.41	Lake County Hospice	10,000	25,000
639.12	Middletown Senior Center	50,000	50,000
638.13	Adult Care/Respite	25,000	25,000
638.26	Lake County Fire Protection District	20,927	20,927
639.47	Northshore Fire Protection District	28,584	53,577
638.4	South Lake County Fire District	0	27,165
639.56	Sunrise Special Services	0	5,660
638.11	Live Oak Seniors	50,000	0
	<b>Sub-Total Grants Expense</b>	<b>\$720,652</b>	<b>744,706</b>
	<b>TOTAL EXPENSE</b>	<b>\$787,000</b>	<b>811,900</b>

In FYs 11 and 12, the District budgeted to spend approximately eight percent on operations, about 62 percent on committed grants, and roughly 30 percent on uncommitted grants.

### 3.5 Audit

The District had audits completed for the years ended June 30, 2010 and 2011, which showed the following assets and liabilities<sup>10</sup>:

<b>REDBUD HEALTH CARE DISTRICT BALANCE SHEET JUNE 30, 2010<sup>11</sup></b>		
<b>ASSETS</b>	<b>FY 09-10</b>	<b>FY 10-11</b>
CURRENT ASSETS		
Cash and cash equivalents	\$856,852	\$867,372
Interest and property taxes receivable	30,080	34,287
<b>Total Current Assets</b>	<b>886,932</b>	<b>901,659</b>
<b>Note Receivable*</b>	<b>1,000,000</b>	<b>1,000,000</b>
Total Assets	1,886,932	1,901,659
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	6,500	8,877
NET ASSETS-UNTRESTRICTED	1,880,432	1,892,782
<b>Total Liabilities and Net Assets</b>	<b>\$1,886,932</b>	<b>\$1,901,659</b>

<sup>9</sup> Redbud Health Care District, Independent Auditors' Report, Matson and Isom, 3013 Ceres Avenue, PO Box 1638, Chico CA 95927-1638, Phone 891-6474, Fax 530-891-6689, October 6, 2010, Page 8.

<sup>10</sup> Redbud Health Care District, Independent Auditors' Report, Fechter and Company, 1870 Avondale Avenue, Suite 4, Sacramento, CA 95825, January 31, 2012

<sup>11</sup> Redbud Health Care District, Independent Auditors' Report, Matson and Isom, 3013 Ceres Avenue, PO Box 1638, Chico CA 95927-1638, Phone 891-6474, Fax 530-891-6689, October 6, 2010, Page 2.

\*The District loaned St. Helena Hospital Clear Lake \$1,000,000 in March 2010. The loan is for a period of ten years. Interest will be paid at 4% and compounded annually from the loan date until the outstanding principal is paid. Interest will be paid monthly on the first business day of each month.<sup>12</sup> The loan is callable, upon 30 days notice, to St. Helena Hospital Clear Lake.

At the end of FY11, the District had \$1.89 million in unrestricted net assets, meaning that the District had approximately 2.4 years in reserves, based on total expenditures (operational and grants) in FY11<sup>13</sup>.

The Audit notes that the Board of Directors has approved grants to be paid in subsequent years as follows:<sup>14</sup>

2012	\$753,568
2013	100,000
2014	100,000
2015	100,000
2016	100,000
Thereafter	<u>400,000</u>
<b>Total</b>	<b>\$1,553,568</b>

The audit report concluded that there were no deficiencies in internal control over financial reporting that were considered to be material weaknesses. However, the report did identify certain deficiencies in internal control over financial reporting, which were reported to the management of the District, including a lack of policies and procedures regarding pre-signed checks, a need for improved enforcement of report submission by grantees as required in the grant agreement, a need for adequate public notice of major transfers, and establishment of policies and procedures to address loan administration procedures. In response to these findings, the District has made efforts to address each of these issues.<sup>15</sup>

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<sup>12</sup> Redbud Health Care District, Independent Auditors' Report, Matson and Isom, 3013 Ceres Avenue, PO Box 1638, Chico CA 95927-1638, Phone 891-6474, Fax 530-891-6689, October 6, 2010, Page 7.

<sup>13</sup> Redbud Health Care District, Independent Auditors' Report, Fechter and Company, 1870 Avondale Avenue, Suite 4, Sacramento, CA 95825, January 31, 2012

<sup>14</sup> Redbud Health Care District, Independent Auditors' Report, Matson and Isom, 3013 Ceres Avenue, PO Box 1638, Chico CA 95927-1638, Phone 891-6474, Fax 530-891-6689, October 6, 2010, Page 7.

<sup>15</sup> Redbud Health Care District, Meeting Minutes, November 22, 2011.

#### **4 REDBUD HEALTH CARE DISTRICT MUNICIPAL SERVICE REVIEW**

The Municipal Service Review findings are required by State law. The findings serve the purpose of helping LAFCO to understand the special district or city involved in an annexation, detachment, or reorganization proposal. The determinations are not binding proposals for the special district or city. The determinations are subject to change because the jurisdiction involved is constantly changing, improving or growing. The State requires the MSR to be reviewed every five years as part of the SOI update process.

Lake LAFCO is responsible for determining if an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within its boundaries and, later, within the Sphere of Influence. LAFCO will do the following:

- 1) Evaluate the present and long-term infrastructure demands and resources available to the District.
- 2) Analyze whether resources and services are, or will be, available at needed levels.
- 3) Determine whether orderly maintenance and expansion of such resources and services are planned to occur in-line with increasing demands.

The Final Municipal Service Review Guidelines prepared by the Governor's Office of Planning and Research recommend issues relevant to the jurisdiction be addressed through written determinations called for in the Cortese-Knox Hertzberg Act. Determinations are provided for each of the five factors, based on the information provided in this Municipal Service Review.

##### **4.1 Growth and Population Projections for the Redbud Health Care District Area**

*Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.*

##### **4.1.1 Redbud Health Care District Area Population Projections**

According to Census 2000, the population of Lake County was 58,325. Based on Census 2010 data, the population has grown by 11 percent, to 64,665 residents, over the ten year period. The average annual population growth in the last decade has been approximately one percent. In the next ten years, the county population is also expected to grow by just over one percent annually. According to DOF projections, the population is anticipated to grow by 15 percent by 2020, thus reaching 74,607.

Based on 2010 Census tract information, the current estimated population of the Redbud Healthcare District is 29,592.<sup>16</sup> According to the DOF projections of a 15 percent growth rate in the next ten years, the District population is expected to reach 34,141 residents

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<sup>16</sup> Census Tracts 13, 12, 8.01, 7.02, 8.02, 7.01, 11, 5.01, and 6..



by 2020. For more detail on population growth in Lake County and Redbud Health Care District refer to the table below.

	2010	2020	2030	2040	2050
Growth rate		15%	12%	11%	10%
DOF County	67,530	77,912	87,066	96,885	106,887
Census County	64,665	74,607	83,372	92,775	102,352
Census Clearlake	15,250	17,595	19,662	21,879	24,138
Census Lakeport	4,753	5,484	6,128	6,819	7,523
Census Unincorporated	44,662	51,528	57,582	64,076	70,691
Estimated RHCD	29,592	34,141	38,153	42,456	46,838

#### **4.1.2 MSR Determinations on Growth and Population Projections for the Redbud Health Care District Area**

- 1-1) The current estimated population of Redbud Healthcare District is 29,592.
- 1-2) Lake County has experienced slow annual growth of one percent in the last ten years.
- 1-3) Similarly, growth of just over one percent per year is expected in the next decade. The population of the District is projected to grow by about 15 percent by 2020.

#### **4.2 Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

*Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities and service quality, as well as assess whether the agency is providing an adequate level of services.*

LAFCO is responsible for determining that an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within its boundaries and later in the Sphere of Influence. It is important that such determinations of infrastructure availability occur when revisions to the Sphere of Influence and annexations occur.

In the case of this Municipal Service Review, it is prudent for Lake LAFCO to evaluate the present and long-term infrastructure demands and resource availability of the District. Further, LAFCO needs to see that resources and services are available at needed levels and orderly maintenance and expansion of such resources and services are made if there are increasing demands.

#### **4.2.1 Infrastructure**

Historically, the District had owned and operated the Redbud Hospital; however, similar to other health care districts in the State, the District sold the facility to a private health care provider in 1997.

Presently, the Redbud Health Care District does not own infrastructure where services are made available directly to the public; however, the District maintains an office and meeting room where RHCD runs its daily operations. Infrastructure owned and maintained by grant recipients of the District, also constitutes infrastructure available to the community for health care purposes, to which RHCD contributes. As such, the infrastructure capacity of the District is not a limiting factor in the financing of health care services that it is able to provide. Alternatively, RHCD's service capacity is limited primarily by its financial resources, which are available to spend on health care programming.

No infrastructure needs or deficiencies were identified.

#### **4.2.2 Service Adequacy**

Indicators for evaluating RHCD's service adequacy are limited as the District does not own or operate any facilities, and does not directly offer any health care services. The District operates purely as a financing mechanism for projects and programs managed by other agencies, by providing grant funds for other agencies who wish to apply for and obtain funding. For the purposes of this report, service adequacy has been based on public outreach and accountability efforts and grant management practices.

RHCD could improve upon its public outreach activities, in order to keep constituents informed about the activities of the District. It is recommended that all districts maintain a website where public documents are made available to the public to enhance transparency and accountability. Additionally, for an organization that solicits requests for financing and must track status of grant projects, a website is essential to keep existing and potential grantees informed. In lieu of a website, the District reported that it readily responds to email requests for agendas, minutes, and any other requested documentation. The email address for RHCD is [redbudhealth@att.net](mailto:redbudhealth@att.net). In addition, the District reported that verbal outreach has been successful in acquiring several new grantees in FY 11-12 and ensuring that grant funds are entirely expended annually.

The District has adopted Policies and Procedure Guidelines for grants. The District also has a grant agreement form, which all agencies are required to sign upon approval of grant funding. The District's complete policies (regarding grants) are shown in the appendix at the end of this document. These Policies and Procedures were last updated in March 2011. The grant agreement was last updated in 2011. The District reviews its policies and bylaws on a regular basis to keep them up-to-date.

Essential in issuing grants, is follow up and review with the agency receiving the funds to 1) ensure that the money is used appropriately, 2) confirm that funded projects are carried out to completion, 3) review project challenges and outcomes to make appropriate improvements/changes to successive project approvals, and 4) guarantee that the grantee organization continues to viably operate during the course of the project.

The District has in the past issued grant funding to the Lake County Community Action Agency (LCCAA), which is now defunct. RHCD is aware of the issues regarding LCCAA and has appeared at the agency's meetings in order to remain informed. RHCD has expressed concern during its board meetings and is making efforts to strengthen its grant documents, creating higher standards and accountability for its grantees.

There are several best management practices with regard to grant approval and management that are recommended Redbud Health Care District institutionalize as appropriate in order to maximize the effectiveness of services offered and better leverage public funding for health care services in the County. Best management practices used by government agencies and private foundations that are applicable to a small government agency, such as Redbud Healthcare District are discussed briefly in the appendix. Practices are broken down by the stage of the grant-making process.<sup>17</sup>

#### **4.2.3 MSR Determinations on Infrastructure and Service Adequacy for the Redbud Health Care District**

- 2-1) The infrastructure available to the Redbud Health Care District is adequate for the District to provide grants to local agencies for health care services in within the existing boundaries and recommended SOI.
- 2-2) It is recommended that the District establish a website to better inform constituents and potential grantees of the District's activities, and additionally to use as a vehicle for follow-up with grantees, such as making available project status report forms and acting as a receptacle for regular report forms and end-of-project reports. It is requested that the District keep LAFCO apprised of the completion of the website.
- 2-3) It is recommended that each board member and district staff be knowledgeable of the content of the policies and procedures and that the District ensure that all grant applications conform to the content therein.
- 2-4) Overall, the District's services have been found to be adequate and appropriate for the needs of the District and the community. There is always room for improvement in service levels; consequently, it is recommended that the District review the attached grant management practices and incorporate appropriate practices into its operations to ensure effective use of public funds and successful completion of grant projects.

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<sup>17</sup> This policy guide contains policies and best practices from: Council on Foundations, *Best Practices in Grant Management*, 2001; Domestic Working Group Grant Accountability Project, *Guide to Opportunities for Improving Grant Accountability*, 2005; Norfolk Community Foundation, *Grant Monitoring*, 2011.

#### **4.3 Financial Ability of Agency to Provide Services**

*Purpose: To evaluate factors that affect the financing of needed improvements and to identify practices or opportunities that may help eliminate unnecessary costs without decreasing service levels.*

LAFCO should consider the ability of the District to pay for improvements or services associated with annexed sites. This planning can begin at the Sphere of Influence stage by identifying what opportunities there are to identify infrastructure and maintenance needs associated with future annexation and development, and identifying limitations on financing such improvements, as well as the opportunities that exist to construct and maintain those improvements.

LAFCO should consider the relative burden of new annexations to the community when it comes to its ability to provide public safety and administrative services, as well as capital maintenance and replacements required as a result of expanding District boundaries.

##### **4.3.1 Financial Considerations for Redbud Health Care District**

The finances of the Redbud Health Care District have been explained above in this report.

##### **4.3.2 MSR Determinations on Financial Ability Redbud Health Care District**

- 3-1) The District appears to have sufficient funding to adequately finance the desired programs.
- 3-2) The District conducts an annual audit. Certain deficiencies were identified in the FY 11 audit, which the District has subsequently made efforts to address.
- 3-3) The District minimizes operational expenditures, thereby maximizing funding available for grants. Ten percent is considered a reasonable overhead for grant-giving organizations and the Redbud Health Care District is well within this limit at 96 percent.
- 3-4) The District maintains a healthy reserve equivalent to 2.4 years of operational and grant expenditures.

#### **4.4 Status of, and Opportunities for Shared Facilities**

*Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.*

In the case of annexing new lands into a district, LAFCO can evaluate whether services or facilities can be provided in a more efficient manner if the district can share them with another agency. In some cases, it may be possible to establish a cooperative approach to facility planning by encouraging agencies to work cooperatively in such efforts.

##### **4.4.1 Facilities**

The Redbud Health Care District shares facilities with all of the grant recipients for the purpose of providing health care programs.

##### **4.4.2 MSR Determinations on Shared Facilities for Redbud Health Care District**

- 4-1) The Redbud Health Care District uses the facilities of the grant recipients to provide health care services. Grant recipients include the following:<sup>18</sup>

Lake County Office of Education  
St Helena Hospital Clear Lake  
Hospice of Lake County  
Middletown Senior Center  
Adult Care/Respite  
So. Lake County Fire Protection District  
Northshore Fire Protection District  
Sunrise Special Services  
Lake County Fire Protection District  
Live Oak Seniors  
Highlands Senior Service Center  
Lake County Church Women United  
CLO United Methodist Church  
Triple S Institute  
Lake County Literacy Coalition  
North Coast Opportunities  
Middletown High School  
Community Care-HIV/AIDS Project  
Friendly Visitor Program  
Lower Lake High School

- 4-2) Any future opportunities for further facility sharing are dependent on proposals submitted by grant applicants.

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<sup>18</sup> Redbud Health Care District, FY 2011-2012 Budget.

#### **4.5 Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies**

*Purpose:*

- 1) *To consider the advantages and disadvantages of various government structures that could provide public services.*
- 2) *To evaluate the management capabilities of the organization.*
- 3) *To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.*

One of the most critical components of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capacity to provide services to affected lands.

Lake LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure of the ability to provide adequate services to the Sphere of Influence and potential annexation areas.

##### **4.5.1 Accountability**

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here are limited to 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, and 2) transparency of the agency as indicated by cooperation with the MSR process and information disclosure.

The District posts agendas and makes minutes available as legally required. The District adopts budgets at hearings where the public is notified and invited. Information is placed in the local newspaper, when required. However, the District's accountability to the tax payers and residents appears to be constrained as outreach efforts to constituents are limited to legally required activities. The District does not conduct outreach activities as part of its services to the residents. All outreach activities related to available health care services are conducted by the grantee organizations. The District does not maintain a website where information is made available to the public, such as board meeting agendas and minutes, budgets, and audits, district policies and procedures, and the activities of the District. In lieu of a website, the District makes documents available electronically by request. The District has made outreach efforts to inform and solicit new grantee requests for assistance. Over the past fiscal year, the District reported that it had taken on several new grantees.

The District demonstrated full accountability in its disclosure of information and cooperation with LAFCO. The agency responded to LAFCO's written questionnaires and cooperated with LAFCO inquiries and document requests.

#### **4.5.2 Government Structure**

The Redbud Health Care District has a Board of Directors and a part-time administrative manager. The District strives to minimize staffing levels in order to maximize available grant funding.

No potential options were identified with regard to RHCD's government structure that would allow for more effective or efficient service provision. However, there may be the potential for the District to enhance services offered by acting as a conduit for further health care funding. At present, the District relies primarily on revenues from property taxes to issue grant funding. RHCD could seek enhanced financing for other agencies who wish to apply for and obtain funding from bond and grant initiatives, by applying for and distributing funds to partner agencies, and providing donations to support health care activities.

Should RHCD be interested in seeking further grant funding, the California State Rural Health Association maintains a comprehensive list of timely grant opportunities based on notices received from a variety of granting organizations. All opportunities are specific to health and are open to the restrictions often present in rural areas.<sup>19</sup> Examples of organizations that provide grant funding that may be available to RHCD and other organization within the District include:

- The California Endowment is a private philanthropic organization whose mission is to expand access to affordable, quality health care for underserved individuals and communities, through a community-based approach for its grant-making activities. <http://www.calendow.org>.
- California HealthCare Foundation (CHCF) is a private, independent philanthropy, whose grant making is statewide and focuses initially on five program areas: managed care and special populations, California's uninsured, California health policy, health care quality, and public health. <http://www.chcf.org/grantinfo/index.cfm>.
- California Rural Health Policy Council (CRHPC), established by California's Health and Welfare Agency, has grant programs of its own and a clearinghouse with a listing of OSHPD and other state, federal, and private grant programs. <http://www.ruralhealth.ca.gov/funding.htm>.
- California Telehealth and Telemedicine Center is a private organization that works to promote the use of information and communication technologies and offers funding opportunities for telehealth projects and networks. <http://www.cttonline.org>.
- The California Wellness Foundation (TCWF) is a private organization that offers funding programs in several areas, including community health, population health improvement, teen pregnancy prevention, violence prevention, and work and health. <http://www.tcwf.org/>.

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<sup>19</sup> California State Rural Health Association, <http://www.csrha.org/granting.html>

- The Catalog of Federal Domestic Assistance Programs (CFDA) is a government-wide compendium of all 1,499 Federal programs, projects, services, and activities that provide assistance or benefits to the American public.  
<http://aspe.os.dhhs.gov/cfda/index.htm>.
- Chronicle of Philanthropy is a bi-monthly newspaper dedicated to philanthropic news and opportunities. The Chronicle's website contains back issues of the newsletter and fully searchable grant listings. <http://www.philanthropy.com/>.
- eGrants.org is a funding organization founded by the Tides Foundation (see below) that supports innovative and activist nonprofit groups in the United States and abroad working for human rights, justice, and a sustainable environment.  
<http://www.egrants.org/>.
- Federal Commons is an Internet grants management portal serving the grantee organization community. <http://www.cfda.gov/federalcommons/index.html>.
- Foundation Center is a website dedicated to fostering public understanding of the foundation field by collecting, organizing, analyzing, and disseminating information on foundations, corporate giving, and related subjects.  
<http://www.foundationcenter.org/>
- Grant Station Insider quickly and easily links nonprofits to all current sources of grant money, while also teaching these organizations how to secure available funding. Developed and tested by fundraising professionals, it is the only tool on the market that is based on in-depth and ongoing research.
- James Irvine Foundation is a private grant making foundation dedicated to enhancing the social, economic, and physical quality of life throughout California, with funding areas including workforce development, sustainable communities, and others. <http://www.irvine.org/home.html>.
- The National Institute of Health offers leads to information about NIH grant and fellowship programs, applying for a grant or fellowship, policy changes, administrative responsibilities of awardees, peer review policies and procedures, and the numbers and characteristics of awards. at  
<http://grants1.nih.gov/grants/index.cfm>.
- Robert Wood Johnson Foundation (RWJF) is a national organization dedicated to improving health and healthcare for all Americans. The RWJF website offers detailed information on funding opportunities, grant guidelines,  
<http://www.rwjf.org/>.
- Tides Foundation is a private organization that makes grants on the recommendation of its donor clients to non-profit organizations in areas including Economic Development, Environment, HIV/AIDS, Native American Communities, Women's Issues/Reproductive Health, Health Services and Youth Programs.  
[http://www.tides.org/index\\_tds.cfm](http://www.tides.org/index_tds.cfm)



- US Department of Health and Human Services is the largest grant-making agency in the federal government, providing some 60,000 grants per year. HHS' Medicare program is the nation's largest health insurer, handling more than 900 million claims per year. <http://www.hhs.gov>.

**4.5.3 MSR Determinations on Local Accountability and Governance for the Redbud Health Care District**

- 5-1) RHCD could improve upon its public outreach activities, in order to keep constituents informed about the activities of the District. It is recommended that RHCD maintain a website where documents are made available to the public to enhance transparency and accountability.
- 5-2) No potential governance structure options were identified with respect to RHCD.
- 5-3) There is the potential for the District to act as a conduit for enhanced grant funding for local partner organizations.

## **5 REDBUD HEALTH CARE DISTRICT SPHERE OF INFLUENCE**

This Sphere of Influence Update is prepared for the Redbud Health Care District is based upon the preceding Municipal Services Review. Information contained in this Sphere of Influence is only as of the date of adoption.

### **5.1 Sphere of Influence Requirements**

#### **5.1.1 LAFCO's Responsibilities**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) is the statutory authority for the preparation of an MSR, and periodic updates of the Sphere of Influence of each local agency. A Sphere of Influence is a plan for the probable physical boundaries and service area of a local agency, as determined by the affected Local Agency Formation Commission (Government Code §56076). Government Code §56425(f) requires that each Sphere of Influence be updated not less than every five years, and §56430 provides that a Municipal Service Review shall be conducted in advance of the Sphere of Influence update.

#### **5.1.2 Sphere of Influence Determinations**

In determining the Sphere of Influence for each local agency, LAFCO must consider and prepare a statement of determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open space lands
2. 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 which the agency provides, or is authorized to provide
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

#### **5.1.3 Possible Approaches to the Sphere of Influence**

LAFCO may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. Based on review of the guidelines of Lake LAFCO as well as other LAFCOs in the State, various conceptual approaches have been identified from which to choose in designating an SOI. These seven approaches are explained below:

- 1) **Coterminous Sphere:** A Coterminous sphere means that the sphere for a city or special district that is the same as its existing boundaries. **This is the recommendation for the Redbud Health Care District.**

- 2) **Annexable Sphere:** A sphere larger than the agency's boundaries identifies areas the agency is expected to annex. The annexable area is outside its boundaries and inside the sphere.
- 3) **Detachable Sphere:** A sphere that is smaller than the agency's boundaries identifies areas the agency is expected to detach. The detachable area is the area within the agency bounds but not within its sphere.
- 4) **Zero Sphere:** A zero sphere indicates the affected agency's public service functions should be reassigned to another agency and the agency should be dissolved or combined with one or more other agencies.
- 5) **Consolidated Sphere:** A consolidated sphere includes two or more local agencies and indicates the agencies should be consolidated into one agency.
- 6) **Limited Service Sphere:** A limited service sphere is the territory included within the SOI of a multi-service provider agency that is also within the boundary of a limited purpose district which provides the same service (e.g., fire protection), but not all needed services. Territory designated as a limited service SOI may be considered for annexation to the limited purpose agency without detachment from the multi-service provider.

This type of SOI is generally adopted when the following conditions exist:

- a) The limited service provider is providing adequate, cost effective and efficient services
- b) The multi-service agency is the most logical provider of the other services
- c) There is no feasible or logical SOI alternative
- d) Inclusion of the territory is in the best interests of local government organization and structure in the area

Government Code §56001 specifically recognizes that in rural areas it may be appropriate to establish limited purpose agencies to serve an area rather than a single service provider, if multiple limited purpose agencies are better able to provide efficient services to an area rather than one service district.

Moreover, Government Code Section §56425(i), governing sphere determinations, also authorizes a sphere for less than all of the services provided by a district by requiring a district affected by a sphere action to "establish the nature, location, and extent of any functions of classes of services provided by existing districts," recognizing that more than one district may serve an area and that a given district may provide less than its full range of services in an area.

- 7) **Sphere Planning Area:** LAFCO may choose to designate a sphere planning area to signal that it anticipates expanding an agency's SOI in the future to include territory not yet within its official SOI.

#### **5.1.4 SOI Update Process**

LAFCO is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCO must update those SOIs every five years. In updating the SOI, LAFCO is required to conduct a municipal service review (MSR) and adopt related determinations.

This report identifies preliminary SOI policy alternatives and recommends SOI options for the Redbud Health Care District. Development of actual SOI updates will involve additional steps, including opportunity for public input at a LAFCO public hearing, and consideration and changes made by Commissioners.

LAFCO must notify affected agencies 21 days before holding a public hearing to consider the SOI and may not update the SOI until after that hearing. The LAFCO Executive Officer must issue a report including recommendations on the SOI amendments and updates under consideration at least five days before the public hearing.

#### **5.1.5 SOI Amendments and CEQA**

LAFCO has the discretion to limit SOI updates to those that it may process without unnecessarily delaying the SOI update process or without requiring its funding agencies to bear the costs of environmental studies associated with SOI expansions. Any local agency or individual may file a request for an SOI amendment. The request must state the nature of and reasons for the proposed amendment, and provide a map depicting the proposal.

LAFCO may require the requester to pay a fee to cover LAFCO costs, including the costs of appropriate environmental review under CEQA. LAFCO may elect to serve as lead agency for such a review, may designate the proposing agency as lead agency, or both the local agency and LAFCO may serve as co-lead agencies for purposes of an SOI amendment. Local agencies are encouraged to consult with LAFCO staff early in the process regarding the most appropriate approach for the particular SOI amendment under consideration.

Certain types of SOI amendments are likely exempt from CEQA review. Examples are SOI expansions that include territory already within the bounds or service area of an agency, SOI reductions, and zero SOIs. SOI expansions for limited purpose agencies that provide services (e.g., fire protection, levee protection, cemetery, and resource conservation) needed by both rural and urban areas are typically not considered growth-inducing and are likely exempt from CEQA. Similarly, SOI expansions for districts serving rural areas (e.g., irrigation water) are typically not considered growth-inducing.

Remy et al. write

In *City of Agoura Hills v. Local Agency Formation Commission* (2d Dist.1988) 198 Cal.App.3d480, 493-496 [243 Cal.Rptr.740] (*City of Agoura Hills*), the court held that a LAFCO's decision to approve a city's sphere of influence that in most respects was coterminous with the city's existing municipal boundaries was not a "project" because such action did not entail any potential effects on the physical environment.<sup>20</sup>

## **5.2 Present and Planned Land Uses in the Redbud Health Care District Area, Including Agricultural and Open Space Lands**

### **5.2.1 General Plan**

The Lake County General Plan 2008 and the City of Clearlake General Plan (1983) will govern growth and development within the Redbud Health Care District. The County General Plan allows for significant population growth for the area within the District.

### **5.2.2 SOI Determinations on Present and Planned Land Use for Redbud Health Care District**

- 1-1) The District is not a land use authority. The County's General Plan is the plan for future growth and land uses in the unincorporated areas, while the City of Clearlake's General Plan governs growth in the incorporated areas of the District.
- 1-2) Of primary concern to the Redbud Health Care District, is the health needs of the present population. The population of Lake County is on average older and has a lower average income than the population of California as a whole, and thus can be expected to have greater health care needs.
- 1-3) As the District does not presently serve outside of its bounds and did not identify any areas that it intends to annex over the next five to 20 years, it is recommended that the Sphere of Influence for the Redbud Health Care District should remain the same as the district boundary.
- 1-4) The Redbud Health Care District provides a valuable service to the community that cannot be provided by any other district or agency.

<sup>20</sup> Remy, Michael H., Tina A. Thomas, James G. Moose, Whitman F. Manley, Guide to CEQA, Solano Press Books, Point Arena, CA, February 2007, page 111.

### **5.3 Municipal Services – Present and Probable Need**

#### **5.3.1 Municipal Services Background**

LAFCO is responsible for determining if an agency is reasonably capable of providing needed infrastructure and services to serve areas within its Sphere of Influence. LAFCO is required to evaluate present and long-term infrastructure demands and resource availability and to evaluate whether the resources and services are available at needed service levels and that orderly maintenance and expansion of such resources and services are made in line with increasing demands.

#### **5.3.2 SOI Determinations–Facilities and Services Present and Probable Need**

- 2-1) There is a need for the Redbud Health Care District and the grant funding they provide to various entities in the area as demonstrated by the grant funding applied for and approved by local organizations and the use of those programs.
- 2-2) Grant funding allows the District to be flexible in meeting local health care needs as they evolve over time.

### **5.4 Public Facilities Present and Future Capacity**

#### **5.4.1 Redbud Health Care District Capacity Background**

The capacity and background of the Redbud Health Care District are described in detail in the MSR.

#### **5.4.2 SOI Determinations--Public Facilities Present and Future Capacity**

- 3-1) The present and future capacity of the Redbud Health Care District is limited, not by facility capacity, but by the amount of grant funding available for dispersal.
- 3-2) Redbud Health Care District has the potential to increase available grant funding, and thus its “capacity” to provide services, by seeking financing from large established organizations for use within the District by its agency partners.

## **5.5 Social or Economic Communities of Interest**

### **5.5.1 Community Background**

The Redbud Health Care District serves several communities in eastern and southern Lake County.

### **5.5.2 SOI Determinations – Social or Economic Communities of Interest**

- 4-1) The residents and landowners within Redbud Health Care District have an economic interest in the services provided by the District as the District is funded through a portion of the one-percent property tax. The SOI update will not affect the existence of any social or economic communities of interest in the area that are relevant to the District.

## **APPENDIX A LOCAL GOVERNMENT ISSUES**

### **1 Municipal Financial Constraints**

Municipal service providers are constrained in their capacity to finance services by the inability to increase property taxes, requirements for voter approval for new or increased taxes, and requirements of voter approval for parcel taxes and assessments used to finance services. Municipalities must obtain majority voter approval to increase or impose new general taxes and two-thirds voter approval for special taxes.

Limitations on property tax rates and increases in taxable property values are financing constraints. Property tax revenues are subject to a formulaic allocation and are vulnerable to State budget needs. Agencies formed since the adoption of Proposition 13 in 1978 often lack adequate financing.

#### **1.1 California Local Government Finance Background**

The financial ability of the cities to provide services is affected by financial constraints. City service providers rely on a variety of revenue sources to fund city operating costs as follows:

- Property Taxes
- Benefit Assessments
- Special Taxes
- Proposition 172 Funds
- Other contributions from city general funds.

As a funding source, property taxes are constrained by statewide initiatives that have been passed by voters over the years and special legislation. Seven of these measures are explained below:

##### **A. Proposition 13**

Proposition 13 (which California voters approved in 1978) has the following three impacts:

- It limits the ad valorem property tax rate.
- It limits growth of the assessed value of property.
- It requires voter approval of certain local taxes.

Generally, this measure fixes the ad valorem tax at one percent of the value at most recent sale; except for taxes to repay certain voter approved bonded indebtedness. In response to the adoption of Proposition 13, the Legislature enacted Assembly Bill 8 (AB 8) in 1979 to establish property tax allocation formulas.

##### **B. AB 8**

AB 8 allocates property tax revenue to the local agencies within each tax rate area based on the proportion each agency received during the three fiscal years preceding adoption of Proposition 13. This allocation formula benefits local agencies which had relatively high tax rates at the time Proposition 13 was enacted (1978).

##### **C. Proposition 98**

Proposition 98, which California voters approved in 1988, requires the State to maintain a minimum level of school funding. In 1992 and 1993, the Legislature began shifting billions of local property taxes to schools in response to State budget deficits.

Local property taxes were diverted from local governments into the Educational Revenue Augmentation Fund (ERAF) and transferred to school districts and community college districts to reduce the amount paid by the State general fund.



Local agencies throughout the State lost significant property tax revenue due to this shift. Proposition 172 was enacted to help offset property tax revenue losses of cities and counties that were shifted to the ERAF for schools in 1992.

*D. Proposition 172*

Proposition 172, enacted in 1993, provides the revenue of a half-cent sales tax to counties and cities for public safety purposes, including police, fire, district attorneys, corrections and lifeguards. Proposition 172 also requires cities and counties to continue providing public safety funding at or above the amount provided in FY 92-93.

*E. Proposition 26*

Proposition 26 approved by California voters on November 2, 2010, requires that certain state fees be approved by two-thirds vote of Legislature and certain local fees be approved by two-thirds of voters. This proposition increases the legislative vote requirement to two-thirds for certain tax measures, including those that do not result in a net increase in revenue. Prior to its passage, these tax measures were subject to majority vote.

*F. Proposition 218*

Proposition 218, which California voters approved in 1996, requires voter- or property owner-approval of increased local taxes, assessments, and property-related fees. A two-thirds affirmative vote is required to impose a Special Tax, for example, a tax for a specific purpose such as a fire district special tax.

However, majority voter approval is required for imposing or increasing general taxes such as business license or utility taxes, which can be used for any governmental purpose. These requirements do not apply to user fees, development impact fees and Mello-Roos districts.

*G. Mello-Roos Community Facilities Act*

The Mello-Roos Community Facilities Act of 1982 allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District (a "CFD") which allows for financing of public improvements and services.

The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt.

A CFD is created by a sponsoring local government agency. The proposed district will include all properties that will benefit from the improvements to be constructed or the services to be provided. A CFD cannot be formed without a two-thirds majority vote of residents living within the proposed boundaries. Or, if there are fewer than 12 residents, the vote is instead conducted of current landowners.

In many cases, that may be a single owner or developer. Once approved, a Special Tax Lien is placed against each property in the CFD. Property owners then pay a Special Tax each year. If the project cost is high, municipal bonds will be sold by the CFD to provide the large amount of money initially needed to build the improvements or fund the services.

The Special Tax cannot be directly based on the value of the property. Special Taxes instead are based on mathematical formulas that take into account property characteristics such as use of the property, square footage of the structure and lot size. The formula is defined at the time of formation, and will include a maximum special tax amount and a percentage maximum annual increase.

If bonds were issued by the CFD, special taxes will be charged annually until the bonds are paid off in full. Often, after bonds are paid off, a CFD will continue to charge a reduced fee to maintain the improvements.

#### **H. Development Impact Fees**

A county, cities, special districts, school districts, and private utilities may impose development impact fees on new construction for purposes of defraying the cost of putting in place public infrastructure and services to support new development.

To impose development impact fees, a jurisdiction must justify the fees as an offset to the impact of future development on facilities. This usually requires a special financial study. The fees must be committed within five years to the projects for which they were collected, and the district, city or county must keep separate funds for each development impact fee.

#### **1.2 *Financing Opportunities that Require Voter Approval***

Financing opportunities that require voter approval include the following:

- 1) Special taxes such as parcel taxes
- 2) Increases in general taxes such as the following:
  - Utility taxes
  - Sales and use taxes
  - Business license taxes
  - Transient occupancy taxes

Communities may elect to form business improvement districts to finance supplemental services, or Mello-Roos districts to finance development-related infrastructure extension. Agencies may finance facilities with voter-approved (general obligation) bonded indebtedness.

#### **1.3 *Financing Opportunities that Do Not Require Voter Approval***

Financing opportunities that do not require voter approval include imposition of or increases in fees to more fully recover the costs of providing services, including user fees and Development Impact Fees to recover the actual cost of services provided and infrastructure.

Development Impact Fees and user fees must be based on reasonable costs, and may be imposed and increased without voter approval. Development Impact Fees may not be used to subsidize operating costs.

Agencies may also finance many types of facility improvements through bond instruments that do not require voter approval.

Water rates and rate structures are not subject to regulation by other agencies. Utility providers may increase rates annually, and often do so. Generally, there is no voter approval requirement for rate increases, although notification of utility users is required. Water providers must maintain an enterprise fund for the respective utility separate from other funds, and may not use revenues to finance unrelated governmental activities.

## **2 Public Management Standards**

While public sector management standards do vary depending on the size and scope of an organization, there are minimum standards. Well-managed organizations do the following eight activities:

- 1) Evaluate employees annually.

- 2) Prepare a budget before the beginning of the fiscal year.
- 3) Conduct periodic financial audits to safeguard the public trust.
- 4) Maintain current financial records.
- 5) Periodically evaluate rates and fees.
- 6) Plan and budget for capital replacement needs.
- 7) Conduct advance planning for future growth.
- 8) Make best efforts to meet regulatory requirements.

Most of the professionally managed and staffed agencies implement many of these best management practices.

LAFCO encourages all local agencies to conduct timely financial record-keeping for each city function and make financial information available to the public.

### **3      Public Participation in Government**

The Brown Act (California Government Code Section 54950 et seq.) is intended to insure that public boards shall take their actions openly and that deliberations shall be conducted openly. The Brown Act establishes requirements for the following:

- Open meetings
- Agendas that describe the business to be conducted at the meeting
- Notice for meetings
- Meaningful opportunity for the public to comment

Few exceptions for meeting in closed sessions and reports of items discussed in closed sessions.

According to California Government Section 54959

*Each member of a legislative body who attends a meeting of that legislative body where action is taken in violation of any provision of this chapter, and where the member intends to deprive the public of information to which the member knows or has reason to know the public is entitled under this chapter, is guilty of a misdemeanor.*

Section 54960 states the following:

*(a) The district attorney or any interested person may commence an action by mandamus, injunction or declaratory relief for the purpose of stopping or preventing violations or threatened violations of this chapter by members of the legislative body of a local agency or to determine the applicability of this chapter to actions or threatened future action of the legislative body,...*

**APPENDIX B REDBUD HEALTH CARE DISTRICT  
POLICY AND PROCEDURE GUIDELINES FOR GRANTS** (as updated on March 13, 2011)

REDBUD HEALTH CARE DISTRICT  
POLICY AND PROCEDURE GUIDELINES FOR GRANTS

I. Policy:

The purposes of Redbud Health Care District include the promotion of actions to provide health care services in the community. The Redbud Health Care District shall from time to time make grants to health care programs that promote the purpose of the District to enhance the provision of adequate health services to residents of the District.

Any grants made by the District are discretionary. All grant approvals shall be one-time only, and shall not create priority consideration for grantees as to any future grant funds. Decisions shall be subject to availability of District funds.

II. Procedure:

B. Scope of Grants:

Grant proposals will be considered by the District based on the following:

1. The grantee shall be a nonprofit health organization or public agency providing health care services.
2. The grantee shall be within and serving the residents of the District or providing a program that will serve the residents of the District.
3. Grant funds will be used to assist grantees for the following purposes: (i) to enhance or supplement existing programs of the grantee; or (ii) to add "start-up funds" for new programs that are capable of continuing operation with stable funding from other sources.
4. Grants will be considered for any program which directly or indirectly enhances the health care of residents of the District.
5. The amount of the grant will be based on the funds available to the District for such purposes at the time of the grant approval.
6. Each grant proposal approved by the District will have a designated grant period within which the grantee may use the grant funds for an approved grant proposal and submit to the District the reports specified in Paragraph II.E.
7. Failure by a grantee to spend grant funds within the approved grant period shall result in the reversion to the District of all unspent grant funds. In addition, the District shall have the right to recoup any grant funds that are

expended by a grantee in violation of the conditions of the Grant Agreement between the District and the grantee (the "Grant Agreement").

8. The District shall not utilize grant funds to conduct or support any service of a hospital or health care provider that competes with services of Adventist Health St. Helena Hospital Clear Lake ("SHCL") or its affiliates within the District by providing services, including the provision of hospital services, home health services or any other services that are substantially similar to services provided SHCL affiliates within the District by providing services, including the provision of hospital services, that are substantially similar to services provided by SHCL or their affiliates within the District.

**B. Criteria for Grants:**

The criteria for making decisions on grants shall be the following:

1. Whether the grant will be used to, directly or indirectly, provide health care services to the residents of the District.
2. Whether the grantee and/or the grant program is integrated with the public and private provider network within the community.
3. Whether the grant will be used to supplement or provide operating support for the provision of health care services, as opposed to use for capital costs.
4. Whether the grantee has other sources of funding (grant and operational) available for the grant program.
5. Whether the grantee has or can develop stable sources of future funding in order to sustain the grant program in future years without further grants from the District.
6. Whether the grant will be used to conduct or support a service of a Hospital or health care provider that competes with services of SHCL or its affiliates within the District.

**C. Requirements for Grantees**

All grantees shall submit a written Request for Assistance ("RFA") to the District. The RFA shall be reviewed by the District to determine whether it provides the information listed in Paragraph II.C., and the grantee shall be notified if additional information is required. The RFA shall include:

1. Background and basic information as to the grantee, including:
  - a. A brief description of the grantee's organization including a list of the grantee's directors and officers and an organization chart of the grantee showing all affiliates and the internal management structure of the grantee.
  - b. A list of all affiliates of the grantee. For purposes of this Policy and Procedure, "affiliate" includes (i) a corporation that directly (or indirectly through one or more intermediaries) controls, is controlled by or is under

common control with the grantee (such as a subsidiary, parent or sister corporation) and (ii) any partnership in which the grantee, or any affiliate of the grantee, is a general partner.

- c. A list of all affiliates with for-profit entities, if any. "Affiliation" means an association or working relationship between the grantee and a for-profit entity for the provision of services by, for or on behalf of the grantee. An affiliation shall not include donations and other voluntary contributions (monetary or in-kind) to the grantee, or the provision of routine support services, such as utilities, purchase of routine supplies, banking or financial services by commercial banks or lenders, accounting or legal services, or commercial leases of space or equipment.
2. A brief description of the programs of the grantee.
3. A description of the program proposed by the grantee for District Assistance, including the proposed grant period.
4. The goals and objectives of the grant program during the grant period.
5. The budget and operational and capital costs for the program for the program for the year proceeding (if applicable) and during the grant period.
6. The amount of grant funds requested.
7. The specific uses of grant funds (capital and operational)
8. The timetable for the payment and use of grant funds and any anticipated changes or events in the grant program during the grant period.
9. A copy of the grantee's most recent independent audit (including management letters) and IRS form 990 (or equivalent Documents).

D. Grant Conditions

1. Basic Grant Conditions. All grantees shall agree to the following basic conditions for receiving a District grant:
  - a. Maintain nonprofit or public agency status (as applicable) during the grant period.
  - b. Maintain tax-exempt status, (if applicable).
  - c. Maintain all required governmental licenses, permits and approvals for the grant program.
  - d. Maintain the grant program in the manner described by the grantee and approved by the District Board.
  - e. Submit basic corporate and operating documents (such as articles of incorporation and bylaws, IRS Form 990, independent audit, licenses,

etc.) upon request of the District for the purpose of verifying the continuing eligibility and qualifications of the grantee for the grant.

- f. Maintain and adhere to policies prohibiting the grantee, in the provision of its services to the public and in its employment practices, from discriminating on such grounds as are set forth, and are applicable to the grantee, in the Unruh Civil Rights Act, the California Fair Employment and Housing Act and in other governmental laws or regulations applicable to the grantee.
  - g. Submit reports to the District as specified in Paragraph II.E. 4
- 2. Special Grant Conditions. Based on the type of grantee, the nature of the grant program or other factors pertinent to a grant proposal, the District may impose special conditions for a grant.
  - 3. Termination. Grants shall be subject to early termination by the District, as follows:
    - a. At any time, in the event the grantee, or any director, officer or management-level employee of the grantee, is indicted or is otherwise the subject of any governmental criminal investigation or enforcement action related to the operations of the grantee (whether or not related to the grant or the grant program).
    - b. Upon receipt of information that a grantee, or any director, officer or management-level employee of the grantee, is the subject of any governmental civil investigation or enforcement action, or of any published or other public report alleging or finding any impropriety related to the operations of the grantee (whether or not related to the grant or the grant program), the District may terminate the grant on thirty (30) days notice, subject to first requesting the grantee to respond to the allegations or findings, such as requesting written information from the grantee or holding a public meeting to review the allegations or findings.
    - c. Upon any filing of bankruptcy by the grantee or any appointment of a receiver of the grantee.
    - d. Upon any change of ownership of the grantee.

**E. Reporting Obligations.**

The grantee shall submit reports to the District containing information pertaining to the grant and the grant program. As a minimum, an annual report and a final report (if different than an annual report) will be required. In addition, depending upon the grant funding level and/or complexity of the grant, the Board may require interim reports. The information contained in the reports shall include, without limitation:

- 1. The use of the grant funds.

2. The status of the grant program, including services provided.
3. The financial performance of the grant program.
4. The progress of the grantee in meeting grant program goals and objectives.
5. A certification signed by the chief executive officer or other executive officer of the grantee certifying compliance during the reporting period by the grantee with the terms of the Grant Agreement between the grantee and the District.

F. Grant Approvals.

1. The review of RFAs will be the responsibility of the District Board, after review by the Assistance Review Committee.
  - a. RFAs may be considered at any meeting of the Board. The Board's posted agenda will list each specific grant proposal to be considered by the Board.
  - b. The Board's agenda package shall include the RFA (see Paragraph II.C.).
  - c. An applicant for a grant may be required to attend the Board meeting to answer questions regarding the grant proposal.
  - d. No grant proposal shall be approved by the District if any District Board Member (or any immediate family member of a District Board Member):
    - (i) has an ownership interest (including debt) in the grantee;
    - (ii) is an officer or director of the grantee;
    - (iii) is a paid consultant to the grantee; or
    - (iv) has any other financial or business relationship with the grantee that would prohibit the District from making a grant under applicable law. Prior to consideration of any grant proposal by the District Board, each District Board Member shall disclose any financial relationship that the District Board Member (or his/her immediate family members) has with the grantee. This Paragraph ILF. I.d. shall not prevent the District Board from approving a grant proposal presented by a grantee that has a financial relationship with the District.
2. The decision to approve an RFA will be made by the District Board of Directors. Upon approval, a Grant Agreement shall be prepared based on the RFA and Board recommendations.



**APPENDIX C REDBUD HEALTH CARE DISTRICT  
BEST MANAGEMENT PRACTICES FOR GRANT GIVERS**

**Internal Control Systems**

1. Prepare department-wide policies and make available on the internet:  
Having regulations and internal operating procedures in place prior to awarding grants enables agencies to set clear expectations. Policies serve as guidelines for ensuring that new grant programs include provisions for holding awarding organizations and grantees accountable for properly using funds and achieving agreed-upon results. Although different programs may need different procedures, general policies should be established that all programs must follow.  
Both large and small agencies and foundations have found that establishing department-wide policies and procedures on an internet site is beneficial. The website also provides applicants with one location for finding detailed information about funding opportunities, applications, forms, submission dates, awarded grants, and grant policies.
2. Providing grant management training to staff and grantees:  
Agencies are responsible for ensuring that staff is properly trained to fulfill grant requirements. It is essential that grantees also receive training, particularly small entities not familiar with all of the regulations and policies.
3. Working with grantees to develop performance measures:  
It is imperative that grantors and grantees determine how best to measure performance to meet all parties' needs. If there are no common measures, each grantee may establish its own individual program goals and measures. By working with grantees, the agency can encourage the creation and maintenance of a learning environment.

**Pre-Grant Review**

1. Assess the managerial competence and fiscal accountability of the prospective grantee:
  - ❖ Are the grantee institution and project director(s) capable of carrying out the work described in the proposal?
  - ❖ Are systems in place to ensure that grant funds will be managed within the terms and conditions of the grant agreement?
  - ❖ Is the organization functioning without the threat of liquidation in the foreseeable future with an established governance structure and good management systems, financial systems and staff? Organizations that are not well established may be seen as too risky. Alternatively, agencies may provide grants to these organizations with the explicit goal of assisting them to become established.
  - ❖ Is there evidence of mismanagement or fraud and abuse in the organization's recent history?
  - ❖ Is the organization's legal status current?
2. Review the proposal and budget for internal consistency and for compliance with agency's policies:
  - ❖ Is the proposed budget appropriate and sufficient for carrying out the project?
  - ❖ Does the plan need to be adjusted to reflect effort or materials necessary to carry out tasks?

- ❖ Is sufficient justification provided for the budget line items, and does it support the work plan laid out in the proposal?
  - ❖ Are cost assumptions in accordance with the agency's policies?
  - ❖ Does the budget include overhead/indirect cost? If so, could the organization find another source for this cost?
3. Encourage outside reviews of the proposed activity:
- ❖ When appropriate, obtain reviews of the proposed activity by outside experts or other donors in the field. These reviews can evaluate the rationale for the request, the appropriateness of the approach, the soundness of the methodology, the suitability of the budget or of the proposed grant recipient, and project leadership.
  - ❖ Has the grantee organization or project director substantially been in compliance with the requirements and conditions of its previous or currently active grants? Or are there indicators for concern, such as consistently and unreasonably late or inaccurate narrative reports; extremely late, questionable or inaccurate financial reports; or a failure to obtain approvals required by the existing grant agreements?

#### **Pre-award Process**

1. Preparing work plans to provide framework for grant accountability:  
The work plan serves as a written record of what the grantee will do with funds. Through the work plan, the awarding agency and grantee ensure a clear understanding of the intended purpose and results for the grant funds. Agencies need to take specific actions to obtain information from applicants and evaluate the information when preparing the grant award.
2. Including clear terms and conditions in grant award documents:  
The terms, conditions, and provisions in the award agreement, if well designed, can render all parties more accountable for the award. When award documents are not well written, they can impact an agency's ability to ensure funds are used as intended.

#### **Managing performance**

1. Monitoring the financial status of grants:  
The timely receipt of financial records and reports from grantees is necessary for agencies to effectively monitor the financial status of grants. Ineffective grant monitoring increases the risk of improper payments and untimely grant expenditures. It may also result in the misuse or waste of funds. One way agencies have addressed this issue is by developing systems that make information on the financial status of grants readily available to staff. Also, agencies have addressed the issue through on-site reviews.
2. Ensuring results through performance monitoring:  
Monitoring grantee performance helps ensure that grant goals are reached and required deliverables completed. In addition, monitoring performance can address potential problems early in the grant period and keep grantees on course toward goals. A grants management system and site visits allow agencies to effectively monitor grants by providing timely and accessible information on grant performance and deliverables. Given the limited resources and the number of grants awarded, it is important that agencies identify, prioritize, and manage

- potential at-risk recipients. Some agencies monitor grants through telephone monitoring or regular status reports and end-of-the-project reports.
3. Using audits to provide valuable information about grantees:  
Agencies can use internal and external audits of grantees to identify problems with grantee financial management and program operations. Awareness of problems allows grant officials to implement additional controls to effectively monitor a grantee's use of funds and activities.
  4. Monitoring sub-recipients:  
Grantees may further distribute funds to other organizations, known as sub-recipients. Sub-recipients, many of which are small organizations, often lack experience and training in grants management. It is important that recipients identify, prioritize, and manage potential at-risk sub-recipients to ensure that grant goals are reached and resources properly used.

#### **Assessing and Using results**

1. Providing evidence of program success:  
Measuring the results of a program can provide evidence of its successful performance against goals and objectives. Program results information is important for making budgetary and programmatic decisions. Program managers can use program results information to defend their programs against budgetary challenges and make decisions on resource allocation. One challenge in obtaining information on results is that results can take time to develop and cannot be measured during a grant's life. A second challenge is that agencies may not have direct access to information on program results, and will need to obtain that information through grantees that may lack data collection skills.
2. Identifying ways to improve program performance:  
Evaluation results can reveal approaches that help to achieve program goals and objectives, as well as illustrate ineffective approaches. Also, evaluations can help clarify which effects are attributable to a program, identify reasons for success or failure, and recommend changes that can help a program achieve its goals and objectives.

**ABBREVIATIONS**

<b>AB</b>	Assembly Bill
<b>ACHD</b>	Association of California Hospital Districts, Inc
<b>CEQA</b>	California Environmental Quality Act
<b>CKH</b>	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
<b>District</b>	Redbud Health Care District
<b>FY</b>	Fiscal Year
<b>IRS</b>	Internal Revenue Service (Federal)
<b>JPA</b>	Joint Powers Agreement
<b>LAFCO</b>	Local Agency Formation Commission
<b>LAIF</b>	Local Agency Investment Fund
<b>MSR</b>	Municipal Service Review (LAFCO)
<b>OPR</b>	Office of Planning and Research (California)
<b>RFA</b>	Request for Assistance
<b>SOI</b>	Sphere of Influence (LAFCO)
<b>SHCL</b>	Adventist Health St. Helena Hospital Clear Lake

## **DEFINITIONS**

**Bond:** An interest-bearing promise to pay a stipulated sum of money, with the principal amount due on a specific date. Funds raised through the sale of bonds can be used for various public purposes.

**California Environmental Quality Act (CEQA):** A State Law requiring State and local agencies to regulate activities with consideration for environmental protection. If a proposed activity has the potential for a significant adverse environmental impact, an environmental impact report (EIR) must be prepared and certified as to its adequacy before taking action on the proposed project.

**Local Agency Formation Commission (LAFCO):** A five-or seven-member commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexation to special districts or cities, consolidation of districts, and merger of districts with cities. Each county's LAFCO is empowered to approve, disapprove, or conditionally approve such proposals. The LAFCO members generally include two county supervisors, two city council members, and one member representing the general public. Some LAFCOs include two representatives of special districts.

**Proposition 13:** (Article XIII A of the California Constitution) Passed in 1978, this proposition enacted sweeping changes to the California property tax system. Under Prop. 13, property taxes cannot exceed 1% of the value of the property and assessed valuations cannot increase by more than 2% per year. Property is subject to reassessment when there is a transfer of ownership or improvements are made.<sup>21</sup>

**Proposition 218:** (Article XIII D of the California Constitution) This proposition, named "The Right to Vote on Taxes Act", filled some of the perceived loopholes of Proposition 13. Under Proposition 218, assessments may only increase with a two-thirds majority vote of the qualified voters within the District. In addition to the two-thirds voter approval requirement, Proposition 218 states that effective July 1, 1997, any assessments levied may not be more than the costs necessary to provide the service, proceeds may not be used for any other purpose other than providing the services intended, and assessments may only be levied for services that are immediately available to property owners.<sup>22</sup>

**Proposition 26** approved by California voters on November 2, 2010, requires that certain state fees be approved by two-thirds vote of Legislature and certain local fees be approved by two-thirds of voters. This proposition increases the legislative vote requirement to two-thirds for certain tax measures, including those that do not result in a net increase in revenue. Prior to its passage, these tax measures were subject to majority vote.

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<sup>21</sup> [http://www.californiataxdata.com/A\\_Free\\_Resources/glossary\\_PS.asp#ps\\_08](http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08)

<sup>22</sup> [http://www.californiataxdata.com/A\\_Free\\_Resources/glossary\\_PS.asp#ps\\_08](http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08)

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Lake LAFCO MSR/SOI  
 Redbud Health Care District  
 Adopted March 21, 2012

