

Memo



**GROSSMONT
HEALTHCARE
DISTRICT**

To: Board Members
From: Barry Jantz
Date: July 21, 2017
SUBJ: Government & Leg. Relations Committee Meeting Minutes – 6/28/17

A meeting of the Government & Legislative Relations Committee was held in the Administrative Conference Room at the Grossmont Healthcare District offices on Wednesday, June 28, 2017, at 9:00 a.m.

Attendees: Director Randy Lenac, Chair
Director Bob Ayres, Member
Barry Jantz, Chief Executive Officer
Tim Madden, Legislative Advocate (via telephone)

Guest: Allan Goetz

Summary and Action Items:

1) Legislative Report/Sacramento Related Updates

Tim Madden, State Legislative Advocate, presented a verbal update of happenings in Sacramento. SB 562, the "Single Payer" bill, has been placed on hold this year by the Assembly Speaker.

The Committee also discussed the following:

- California Healthcare District Law – As the Association of California Healthcare Districts (ACHD) is starting an effort to propose an update of the law, Director Lenac (who serves on the related ACHD sub-committee with CEO Jantz) asked that a copy of the current law be provided to each Board member, should any want to provide any input or suggestions.
- Reserve Policy – In response to Director Lenac's question about the District having a reserve policy, Mr. Jantz indicated that how the District addresses reserves may be referenced in more than one place, such as the budget and the Investment Policy, but not in one single document. Those various references will be collected and reviewed by the Committee, to determine if there is anything the District needs from the standpoint of best practices as well as the Legislature or other entities having questions about reserve policies for healthcare districts.
- Needs Assessment – There was discussion of the District's involvement in needs assessments being included on the website and sent to LAFCO. Mr. Jantz will look into this.

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2) Report from Little Hoover Commission

The Committee reviewed the attached report from Tim Madden regarding the draft recommendations from the Little Hoover Commission.

3) Behavioral Health Issues

The Committee had an initial discussion about the lack of behavioral health beds in the community and the impact on Sharp Grossmont Hospital. This was a follow-up to the April Facilities Committee Inspection, where the issue was highlighted while inspecting the Behavioral Health (BH) unit; it was reported to the Board and referred to this Committee. In an effort to better understand the overall issue and any possible changes that may be affected, the Committee discussed a list of those involved in the issue that could be an information resource. As a start, Mr. Jantz will invite Dr. Brian Miller from BH to the next meeting.

Next Meeting

The next meeting is tentatively scheduled for Wednesday, July 26, 2017, at 9:00 a.m.

Adjournment

There being no further business, the meeting was adjourned at 10:35 a.m.

From: Tim Madden
Sent: Friday, June 23, 2017 7:50 AM
To: Barry Jantz
Subject: Little Hoover Commission meeting on Special District

Barry,

I wanted to give you an update on the Little Hoover Commission meeting held yesterday afternoon. The meeting was intended to review a set of "potential recommendations" put forward by the Commission. I have attached those potential recommendations which are the same as you received. They do include a set for Healthcare Districts. The Commission staff emphasized the recommendations being only "potential" and their desire to get more input. They mentioned a final set of recommendations are targeted for late summer/early fall.

The meeting was held in the same conference room as the previous meeting which you attended. There were approximately 40 people at the meeting from a number of different special districts, representatives from the Controller's office, Senate Governance and Finance consultant, LAFCO as well as a number of local LAFCO representatives, and a number of folks from local government (supervisors and council members). The majority of the two hour meeting was spent on receiving input from attendees on the Governance and Transparency potential recommendations. The Commissioners attending the meeting include Pedro Nava, Helena Torres, Sean Varner, David Beier, and Iveta Brigis.

On the Healthcare District potential recommendations, Amber from ACHD was the only person who commented and she said they supported all the potential recommendations and mentioned some of them came out of their own working group.

On the Governance topic much of the comments were around LAFCO. The perspective from Chair Nava was the Commission noticed an increasing number of bills addressing special districts and the question arose if LAFCO is properly funded or if they have sufficient authority to oversee the special districts. Many attendees supported the potential recommendation to increase LAFCO funding through a grant process (bullet #2 under Governance in the attached).

On the Transparency piece, most of the comments seemed to be focused on smaller special districts who may not have the funding to set up website or even internet access in rural areas. Commissioners emphasized the need for transparency to help the public understand what the special districts are doing for communities.

Let me know if you have any questions.

Tim

Tim Madden
Randlett Nelson Madden
1115 11th St.
Sacramento, CA 95814
Ph: 916 498-3352 F: 916 498-3361
madden@rnmlobby.com



State of California

LITTLE HOOVER COMMISSION

Witnesses at Little Hoover Commission's August and October 2016 public hearings and participants at the November 2016 advisory committee proposed numerous recommendations for consideration. At various business meetings in 2017, the Commission discussed these and other potential recommendations. A summary of potential recommendations currently under consideration follows.

The June 22 roundtable discussion has been convened to consider if these recommendations are helpful, can be implemented or might have unintended consequences. The Commission also welcomes discussion on alternative suggestions. The primary focus of the roundtable meeting discussion will be on the recommendations related to governance and transparency, although potential recommendations focusing on climate change adaptation and healthcare districts also are included in this summary.

GOVERNANCE - POTENTIAL RECOMMENDATIONS

- The Legislature, in committee hearings and floor votes, as well as the Governor in bill signings, should curtail a growing practice of introducing bills to override LAFCO deliberative processes and decide local issues regarding special district boundaries and operations.
- The Legislature should provide one-time grant funding to pay for specified LAFCO activities, particularly to fund certain critical Municipal Service Reviews (MSRs) and to incentivize LAFCOs or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes. This grant process potentially could be overseen by the Governor's Office of Planning and Research. Funding should be tied to process completion and results, including enforcement authority for corrective action and consolidation.
- Alternatively or additionally, augment the existing LAFCO funding formula by allocating a certain percentage of local property taxes to fund LAFCOs as suggested in testimony from the California Association of Local Agency Formation Commissions (CALAFCO).
- After conducting a Municipal Service Review and finding dissolution or consolidation of special districts is warranted, provide LAFCOs the authority to initiate dissolutions or consolidations with a higher threshold for a public vote.
- Require special districts to hold a public hearing on findings and recommendations after the completion of a Municipal Service Review.
- The Legislature should provide LAFCOs the statutory authority to do reviews of inactive districts throughout California and dissolve them without the action being subject to protest and a costly election process. SB 448 (Wiekowski) would implement this recommendation. The bill was unanimously adopted by the Senate in May 2017, and currently is under consideration by the Assembly. As currently written, the bill also would require each county tax bill to list special district taxes and would require the State Controller, by 2019, to annually publish a list of all special districts in California.
- The Legislature should strengthen LAFCOs by easing a process to add special district representatives to the 28 county LAFCOs where districts have no voice.
- The Legislature should adopt legislation to give LAFCO members fixed terms, to ease political pressures in controversial votes and enhance the independence of LAFCOs.

TRANSPARENCY – POTENTIAL RECOMMENDATIONS

- Every LAFCO website should provide basic information and links to all of the special districts within each county service area, including a standardized dashboard reflecting revenues from property taxes and user fees, debt service and fund balance changes.
- Every special district should have a published policy for reserve funds, including the size and purpose of reserves and how they are invested.
- Every special district should have a website that provides the following information in an easy-to-understand format:
 - ✓ Name, location, contact data
 - ✓ Services provided
 - ✓ Governing body, including election information and the process for constituents to run for board positions
 - ✓ Compensation details – total staff compensation, including salary, pensions and benefits
 - ✓ Compensation details for the five staff with highest compensation (including salary, benefits, pensions, loans, annual leave balances, annual travel expenses)
 - ✓ Budget (including revenues and expenditures, bond debt and the source of revenues, including fees, property taxes and other assessments, as well as other revenue)
 - ✓ Reserve fund policy
 - ✓ An explanation of how the revenue sources are consistent with state law and do not constitute a permissible tax
 - ✓ Geographic area served and demographic data based on available census data
 - ✓ Average and median customer fees and other customer charges
 - ✓ Description of relationship and coordination with other local government agencies
 - ✓ Copy of most recent Municipal Service Review
 - ✓ Copy of most recent annual report provided to the State Controller’s Office
 - ✓ State and local agencies providing oversight of operations, compliance with state laws and financial reporting and audits and frequency of such reviews and links to the oversight bodies websites
- The California Special Districts Association, working with experts in public outreach and engagement, should develop best practices for independent special district outreach to the public on opportunities to serve on boards and special district elections including election results and voter participation data.
- The State Controller’s Office should disaggregate information provided by independent special districts from dependent districts, nonprofits and joint powers authorities on its By the Numbers and Employee Compensation websites. (SB 448 would require the State Controller to list all special districts on its website by 2019.)
- The State Controller’s Office should standardize definitions of special district financial reserves for state reporting purposes.
- The Secretary of State, working with county, city and special district representatives and the State Controller, should streamline or consolidate its public agency reporting requirements.

CLIMATE CHANGE ADAPTATION – POTENTIAL RECOMMENDATIONS

- The Legislature should place a requirement in statute that special districts formally include climate adaptation and climate mitigation as key operational considerations within their governing documents and missions.
- The California Special Districts Association (CSDA), in conjunction with its member districts, should document and share climate adaptation experiences with the Integrated Climate Adaptation and Resilience Program’s adaptation information clearinghouse being established within the Governor’s Office of Planning and Research (OPR). Similarly, CSDA and member districts should step up engagement in the state’s current Fourth Assessment of climate threats, a \$5 million state research project designed to support the implementation of local adaptation activities. The CSDA also should promote climate adaptation information sharing among its members to help districts with fewer resources plan for climate impacts and take actions.
- The Legislature should replicate statewide a program established by Oakland-based East Bay Municipal Utility District, in which real estate transactions trigger an inspection of sewer lines on the property and require repairs if broken. Or, as an alternative, it should commission a study of costs versus benefits – possibly by a university or the appropriate state department. Such a study would build long-term support, if feasible, for legislation.
- State regulatory agencies should explore the beginnings of a new regulatory framework and adaptive approach that incorporates moveable baselines when defining a status quo as climate impacts mount.
- The California Special Districts Association, and special districts, as some of the closest-to-the-ground local governments in California, should step up public engagement on climate adaptation, and inform and support people and businesses to take actions that increase their individual and community-wide defenses.
- The California Special Districts Association and special districts should lead efforts to seek and form regional partnerships to maximize climate adaptation resources and benefits.

HEALTHCARE DISTRICTS – POTENTIAL RECOMMENDATIONS

- The Legislature should work with the Association of California Healthcare Districts to enact proposals the association developed in 2016 to accomplish these two objectives:
 - ✓ Update the 1945 legislative “practice acts” that enabled voters to create local hospital districts, renamed healthcare districts in the early 1990s. Experts widely agree that statutory language in the acts no longer reflects rapid changes in healthcare during the past half century, especially regarding roles of healthcare districts without hospitals.
 - ✓ Make healthcare districts directly respond to local healthcare needs by conducting needs assessments every three years and demonstrate annually how they are addressing those needs. This information will be shared with the local LAFCO that oversees the district.

- The Legislature, which has been increasingly inclined to override local LAFCO processes to press changes on healthcare districts, should defer these decisions to LAFCOs, which in statute already have that responsibility.
- The Association of California Healthcare Districts and its member districts should step up efforts to define and share best practices among themselves.