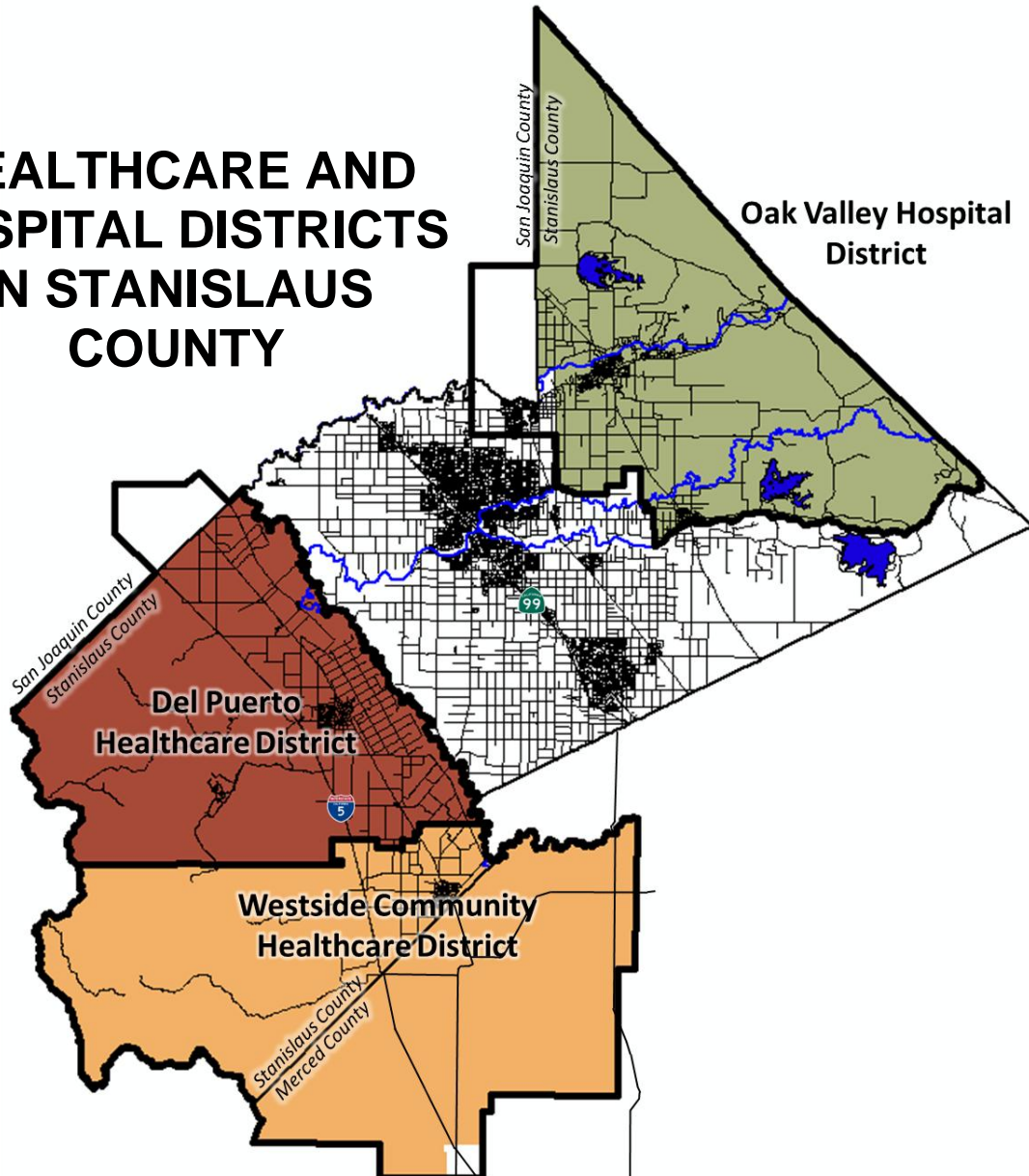


**MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE UPDATE FOR:**

**HEALTHCARE AND
HOSPITAL DISTRICTS
IN STANISLAUS
COUNTY**



Prepared By: Stanislaus Local Agency Formation Commission
1010 Tenth Street, Third Floor
Modesto, CA 95354
Phone: (209) 525-7660

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STANISLAUS

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Municipal Service Review and Sphere of Influence Update For the Del Puerto Healthcare District, the Westside Community Healthcare District, and the Oak Valley Hospital District

Introduction

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 Act (CKH Act) requires the Local Agency Formation Commission (LAFCO) to update the spheres of influence (SOI) for all applicable jurisdictions in the County. A sphere of influence is defined by Government Code 56076 as "...a plan for the probable physical boundary and service area of a local agency, as determined by the Commission." The Act further requires that a municipal service review (MSR) be conducted prior to or, in conjunction with, the update of a sphere of influence (SOI).

The legislative authority for conducting a municipal service review is provided in Government Code Section 56430 of the CKH Act. The Act states, that "in order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area..." MSRs must have written determinations that address the following factors in order to update a Sphere of Influence. These factors were recently amended to include the consideration of disadvantaged unincorporated communities¹ within or contiguous to the sphere of influence of an agency.

Municipal Service Review Factors to be Addressed

1. Growth and Population Projections for the Affected Area
2. The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence
3. Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs or Deficiencies Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence
4. Financial Ability of Agencies to Provide Services
5. Status of, and Opportunities for, Shared Facilities
6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies
7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

This MSR will analyze the Del Puerto Healthcare District, the Westside Community Healthcare District, and the Oak Valley Hospital District. It will also provide a basis for LAFCO to reaffirm the Spheres of Influence for the Districts.

¹ Under Government Code Section 56033.5, "disadvantaged unincorporated community" is defined as an inhabited territory (12 or more registered voters), or as determined by commission policy, that constitutes all or a portion of a community with an annual median household income that is less than 80% of the statewide annual median household income.

Sphere of Influence Update Process

A special district is a government agency that is required to have an adopted and updated sphere of influence. Section 56425(g) of the CKH Act calls for spheres of influence to be reviewed and updated every five years, as necessary. Stanislaus LAFCO processes municipal service reviews and sphere of influence updates concurrently to ensure efficient use of resources. For rural special districts, which do not have the typical municipal-level services to review, this document will be used to determine what type of services each district is expected to provide. For these special districts, the spheres will delineate the service capability and expansion capacity of the agency, if applicable.

The most recent sphere of influence update for the Healthcare and Hospital Districts was adopted in 2009 and proposed no changes to the Districts' SOIs. The current update serves to comply with Government Code Section 56425 and will reaffirm the SOIs for each district.

Background

Healthcare/hospital districts originated during the aftermath of World War II. American soldiers returned from the war in need of extensive medical treatment and often hospitalization. California was in the grip of an acute hospital bed shortage. Significant portions of the state had no access to necessary healthcare services.

The Legislature responded to this hospital shortage by enacting the Local Hospital District Act, which later became the Health Care District Act. The creation of these types of districts was intended to provide hospital facilities in areas needing them, but where it was not economically feasible for other institutions to provide them. The districts, have, or prior to Proposition 13 had, taxing powers, authority to issue general obligation bonds, and authority to receive federal hospital construction grants.

There are three healthcare/hospital Districts in Stanislaus County: 1) Del Puerto Healthcare District, located in the Patterson area; 2) Westside Community Healthcare District, located in the Newman and Gustine area; and 3) Oak Valley Hospital District, located in the Oakdale area. In addition, these three Districts are among those whose service area, or sphere of influence, can be determined by where their patrons come from, as indicated by patient-origin records kept by the Districts.

Authority

The three Districts in this review were organized under the Local Hospital District Law, Health and Safety Code, Section 32000 et. seq. In addition, the Districts are considered to be a "registered voter districts," as the board members are elected by registered voters residing within each District's boundaries.

Purpose

Healthcare/Hospital districts may exercise numerous powers, including the following: establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or services, including but not limited to, outpatient programs, services and facilities; retirement programs; chemical dependency programs, services and facilities; or other healthcare programs, services, facilities, and activities at any location inside and outside the district for the benefit of the district and people served by the district; acquire, maintain, and operate ambulances, or ambulance services inside and outside the district; and establish a nurses'

training school, or child care facility for the benefit of employees of the hospital or residents of the district (Health and Safety Code Section 32121).

Classification of Services

As part of the original MSR completed for the Districts, each District provided a listing of the services provided within their boundaries. The Districts are authorized to provide the functions or classes of services (e.g. community hospital with acute care, skilled nursing, and ambulance services) as identified in this report. State Law requires that the Districts seek LAFCO approval in order to exercise any other latent powers not currently provided.

Municipal Service Review – Del Puerto Healthcare District

Formation

The Del Puerto Healthcare District was formed on July 1, 1946.

Services

The District provided hospital services until 1998 when, for economic reasons, the hospital was forced to close. The District has maintained ambulance services (Patterson District Ambulance) since 1986, paid all outstanding debts, and as of June of 2003, provides outpatient care through the Del Puerto Health Center. Current services and programs include the following:

- Patterson District Ambulance provides pre-hospital emergency medical services within the District. Ambulances are staffed with Paramedics and EMTs. Currently, one 24-hour and one 12-hour ambulance serve the District, as well as provide mutual aid to surrounding areas. Patterson District Ambulance recently added an additional 60 unit hours per week to meet the increase in call volumes. The additional unit provides for two 24-hour ambulances on Friday and Saturday, a third ambulance for 12-hours on Fridays and Mondays and additional morning coverage Tuesdays-Thursdays.
- Del Puerto Health Center provides primary care 6-days a week to western Stanislaus County. The Center is open Monday through Friday 9:00 a.m. - 6:30 p.m. and Saturday 8:30 a.m. - 12:30 p.m. Services include primary care, women's health exams, family care, industrial medicine, drug screenings, physicals, workers compensation care, etc. Specialized pediatric care is provided Monday through Friday 8 a.m. - 5 p.m. Other visiting specialists include cardiologists and neurologists. The Center also provides lab and x-ray services.
- The District promotes community education through outreach on topics such as seatbelt safety, firework safety, and stroke information. The District also participates in community events (e.g. Patterson Apricot Festival and health fairs). Other sponsorships or collaborations include women's health events held twice a year (for breast exams, pap exams, and cholesterol screenings), and a heart healthy screening program in the Spring.
- Patterson District Ambulance staff provides CPR and first aid classes. This low cost service targets individuals, businesses, and those whose job requires certification. Several employees are trained to teach these skills.

- The District is designated as a teaching facility. Staff training is not only provided, but periodically, the District partners with the Patterson Fire District and Westside Ambulance to provide mutual training and has hosted EMS Agency training. Senior paramedics train paramedic and EMT interns. The District assists with the emergency medical system by training approximately 8 Paramedics a year.
- Patterson District Ambulance provides standby emergency support for local and state fire agencies, and ambulance standbys at sporting and other local events.

Location and Size

The District boundaries are comprised of approximately 234,000 acres, serving a significant portion of western Stanislaus County. While not heavily populated, the District covers an area that generally extends from Highway 132 south to Crows Landing, the San Joaquin River to the east and the County line in the hills beyond Interstate 5 to the west. The District serves the City of Patterson, as well as the unincorporated communities of Crows Landing, Grayson, and Westley. The District also serves the unincorporated community of Diablo Grande, located in the western foothills of Stanislaus County, west of Interstate 5 and approximately 5 miles southwest of the City of Patterson. The District's administrative office is located at: 875 "E" Street, Patterson, California.

Sphere of Influence

The District's Sphere of Influence (SOI) encompasses approximately 249,000 acres and includes a potential expansion area of approximately 15,000 acres located in San Joaquin County. This area was included in the SOI because the District also draws patients from the Vernalis area in San Joaquin County, which, although not currently within the District's boundaries, is closer to Patterson than the healthcare services available in the Tracy area. It should be noted, however, that the District's SOI does not limit its service area, as the District also receives patients from areas outside this boundary, including the cities of Newman, Gustine, Modesto, Ceres, Turlock, and from as far as Tracy and Stockton.

Governance

A five-member Board of Directors governs the District. Meetings are held on the last Monday of each month at 7:00 p.m. at 1700 Keystone Pacific Parkway, Unit B, in Patterson. All meetings are open to the public.

Personnel

The District employs 77 persons: 25 full-time, 51 part-time, and one temporary employee. In addition, due to the small size of the District, most support services are outsourced. These include accounting, biomedical, housekeeping, and preventative maintenance. Legal services and annual audit professionals are also used. Consultant groups are used for feasibility studies on an as-needed basis.

Mission Statement

The Del Puerto Healthcare District's mission statement is as follows: "The District's primary mission is to provide the highest quality healthcare services through Patterson District Ambulance and the Del Puerto Health Center, while expanding the healthcare availability to the citizens of the Del Puerto Healthcare District."

Partnership Agencies

The District maintains positive and collaborative relationships with local, state and federal agencies, such as: the City of Patterson, Stanislaus County, local area hospitals, the Patterson-Westley Chamber of Commerce, and the unincorporated communities of Crows Landing, Grayson and Westley. The District also maintains a strong working relationship with the Westside Community Healthcare District (Westside Ambulance), West Stanislaus Fire Protection District, the State Department of Health Services, Mountain Valley Emergency Medical Services, California Ambulance Association, California Special Districts Association, and Association of California Healthcare Districts.

Additionally, in 2007, the Westside Healthcare Advisory Taskforce was formed. The taskforce is a public/private/non-profit consortium of interested healthcare proponents on the Westside of Stanislaus County and Merced County. The mission of the taskforce is to foster a richer communication between Westside healthcare providers and communities, and by doing so, better identify service gaps and potential opportunities to improve.

Funding Sources

The District's source of revenue is derived from the following: a share of the County property tax revenues, special assessments, health center revenues, ambulance service fees, developer/mitigation fees collected from new development, and interest income.

Determinations - Del Puerto Healthcare District

The following provides an analysis of the seven categories or components required by Government Code Section 56430 for a Service Review for the Del Puerto Healthcare District:

1. Growth and Population Projections for the Affected Area

The District estimates that its current population is approximately 28,000 people. During the 2012-2013 fiscal year, the District had 13,470 health center visits and responded to 1,987 ambulance calls. The District's 2006 Impact Fee Study originally projected a total service population of up to 55,511 people by 2020. This estimate was made utilizing a combination of data including current population and employment data, Stanislaus Council of Government's projections, and information regarding approved developments, including those in the City of Patterson that have not yet been built (e.g. Villages of Patterson). While there are other communities within the District (Westley, Grayson, and Vernalis), it is unlikely that there will be major growth in these communities in the near future.

2. The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

The communities of Grayson and Westley, which lie within the boundaries and Sphere of Influence of the District, are both considered disadvantaged unincorporated communities, as they have median household incomes that fall below the 80% statewide median.

3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies Related to Sewers, Municipal Water and Industrial Water, and Structural Fire Protection in Any Disadvantaged,

Unincorporated Communities Within or Contiguous to the Sphere of Influence

The District has created a Strategic Plan which covers all aspects of future medical care needs for the Westside. In 2008, it was determined that the Health Center had outgrown its existing facility on Ward Avenue. In 2012, the District relocated its Health Center to a newly remodeled, 11,000 square foot building in the Keystone Business Park. The District owns and maintains four ambulances and equipment necessary to place the ambulances in service. The District also owns all equipment necessary to provide services to the Health Center.

As the District is not a provider of water, sewer, or fire protection services, it is not responsible for assuring that these services are adequately provided to disadvantaged unincorporated communities within or contiguous to the District.

4. Financial Ability of Agencies to Provide Services

Overall, the District appears to be in stable financial shape and has in place the necessary financial mechanisms to support continued services to existing and future residents. The District uses surveys and input from its billing company to establish rates. Additionally, the District was successful in obtaining a Rural Health designation in 2004 that allows the Health Center to receive a cost-based reimbursement from the government for MediCal and Medicare patients.

As is common with agencies that provide ambulance services, it is difficult to fully recover costs related to emergency service calls. Thus, the District's ambulance service is subsidized through property tax support.

The District also collects mitigation fees from new developments based on its 2006 Impact Fee Study and continues to collect fees on approved projects under fee agreements. The District is currently evaluating the need to update its impact fees in conjunction with a study of future facility needs and improvements.

5. Status of, and Opportunities for, Shared Facilities

In the spirit of cooperation, the District shares facilities and/or equipment with agencies and organizations within the area when opportunities arise. For example, the District allows access to their quarters when the Westside Ambulance posts for the District. Since the West Stanislaus Fire Protection District assists with medical aids, their supplies and oxygen are restocked. From time to time joint education or meeting space is provided. Through a joint grant, space, equipment and supplies for diabetes education and screening is also provided.

6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

A five-member Board of Directors governs the District. Registered voters within a geographical area or division elect the board members. The Board is subject to the provisions of the Brown Act requiring open meetings. It is reasonable to conclude that the District has the organizational capability to adequately serve the areas under its jurisdiction. The District has the necessary resources and staffing levels to operate in a cost-efficient and professional manner.

7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

None.

Municipal Service Review – Westside Community Healthcare District

Formation

The Westside Community Healthcare District was formed on November 18, 1957.

Services

Currently, the District provides ambulance services within its service area boundaries. The District originally operated a 22-bed hospital facility from 1938 until its closure in 1993. The hospital's closure was a result of low utilization and declining reimbursements. The District does, however, continue to own and maintain the former hospital building and grounds, a portion of which houses the ambulance fleet and staff.

Location and Size

The boundaries of the District are comprised of approximately 329,000 acres. The District serves areas in and around the City of Newman and the City of Gustine (in Merced County). The District office is located in Merced County at 151 S. Highway 33, Newman, California.

Sphere of Influence

The District's Sphere of Influence (SOI) is generally coterminous with its current boundaries, with the exception of approximately 2,500 acres in the Santa Nella area in Merced County that currently lies outside the District's boundaries but within its SOI. The cities of Newman and Gustine and the unincorporated community of Stevinson (in Merced County) are all located within the District's boundaries and Sphere of Influence.

Governance

A five-member Board of Directors governs the District. Registered voters within a geographical area or zone elect the board members. Directors from Zones 1 and 2 are representatives from and elected in Stanislaus County, whereas Directors from Zones 3, 4 and 5 are representatives from and elected in Merced County. Meetings are held the fourth Tuesday of every month at 7:00 p.m. in the District's office, located at: 151 S. Highway 33, Newman, CA.

Personnel

The District employs 40 persons: 12 full-time and 28 part-time. The District also contracts with outside consultants for ambulance billings/collections, accounting and legal services. In 2014, the District contracted with Sierra Medical Services Alliance (SEMSA) for daily management of the District, as well as consulting services regarding District operations, finances, and policies. The District recently extended the contract with SEMSA for a 5-year term beginning in 2015.

Partnership Agencies

The District maintains positive and collaborative relationships with local, state and federal agencies, such as: the Cities of Newman and Gustine, Stanislaus and Merced counties, California Highway Patrol, Gustine and Newman Fire Departments, West Stanislaus Fire Protection District, and local area hospitals (e.g., Doctors, Emanuel, Memorial, and Los Banos). The District coordinates with Riggs Ambulance Service and bordering service providers via mutual-aid agreements. The District is also a member of the Westside Healthcare Advisory Taskforce, formed in 2007.

Funding Sources

The District's source of revenue is derived from the following: A share of County property tax revenues (Stanislaus and Merced), special assessments, and ambulance service fees.

Determinations - Westside Community Healthcare District

The following provides an analysis of the seven categories or components required by Government Code Section 56430 for a Service Review for the Westside Community Healthcare District:

1. Growth and Population Projections for the Affected Area

According to 2010 Census data, approximately 21,028 persons reside within the District's boundary. Last year, the District responded to 1,984 ambulance calls, averaging 165 calls per month. This is similar to the number of calls reported in previous MSR updates for 2003 and 2007. Although significant growth is not projected in the unincorporated areas of Merced and Stanislaus County, growth potential exists in the cities of Newman and Gustine.

2. The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

The unincorporated communities of Stevinson and Santa Nella, located in Merced County, are both considered disadvantaged unincorporated communities that are located within the District's Sphere of Influence. Both communities have median household incomes that fall below the 80% statewide median.

3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies Related to Sewers, Municipal Water and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence

The District appears to be meeting the ambulance response expectations in the communities that it serves. In the face of recent budget challenges (as discussed further in Determination 4), the District is pursuing strategies for greater efficiency without negatively impacting the existing level of service.

The District currently operates out of its 20,000 square foot former hospital building on 7-acres and owns 4 ambulances and various equipment. Only a small portion of the former hospital building is used by the District. The District is currently exploring options for selling the former hospital and remaining on the site in a smaller, more cost-efficient facility.

As the District is not a provider of water, sewer, or fire protection services, it is not responsible for assuring that these services are adequately provided to disadvantaged unincorporated communities within or contiguous to the District.

4. Financial Ability of Agencies to Provide Services

In early 2014, the District identified that expenses were outpacing revenues at an unsustainable rate (approximately \$300,000 per year) and that immediate cost-cutting measures were needed to balance the District's budget. In response, the District contracted with Sierra Medical Services Alliance (SEMSA), a non-profit emergency medical group, for daily management of the District, as well as consulting services regarding District operations, finances, policies, etc. The District subsequently eliminated two positions--the assistant chief and facility manager. Shortly thereafter, the District's accountant and chief of operations resigned. The District recently extended its contract with SEMSA for a longer term, which will provide continued management and operations support for the District.

As medical billing and reimbursement rates do not cover the full expenses of providing the ambulance service, the District has found the need to subsidize operations with revenues received from property and special assessment taxes. Rates and fees are established during the District's annual budget review process. The District has authority to collect a special assessment tax of up to \$40 per residence, \$250 per industrial use, \$95 per commercial use, and \$0.10 per acre for agricultural lands. The District had previously collected less than this maximum amount but has since returned to collection of the full assessment.

To assist the District in recovering more of its expenses in the long-term, SEMSA made numerous recommendations related to improved billing collections and increased transportation rates. SEMSA also assisted the District with a negotiated labor agreement, that resulted in immediate cost-savings with employees taking a 10 percent reduction in pay and reduced paid time off. Following these changes, the District adopted a revised budget for Fiscal Year 2014-2015 that has balanced the District's finances.

It is noted that the District continues to participate in joint agency practices to maximize cost avoidance opportunities, such as the District's contract agreement with Riggs Ambulance Service and the Association of California Healthcare Districts for insurance related services.

5. Status of, and Opportunities for, Shared Facilities

The District does not currently share its facilities with other Districts.

6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

A five-member Board of Directors governs the District. Registered voters within a geographical area or division elect the board members. The Board is subject to the provisions of the Brown Act requiring open meetings. The District has limited administrative staff, which it supplements with professional consultants to complement the District staff and improve productivity. The District's Board has been responsive to the need to take immediate actions to stabilize the District's finances and improve operational efficiencies where possible.

7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

Commission policies promote effective and efficient service delivery by the cities and special districts within its purview. As such, it is recommended that the District continue to pursue operational efficiencies that may provide a cost-savings to the District without sacrificing existing service levels. It is further recommended that the District investigate opportunities to partner with other agencies, including the Del Puerto Healthcare District, for potential benefits that may be achieved through shared services. An additional consideration for the District is the development of an impact fee study, which could result in the collection of mitigation fees from new development to support the District's facility needs.

Municipal Service Review – Oak Valley Hospital District

Formation

The Oak Valley Hospital District was formed on June 18, 1968 as a not-for-profit, acute care, hospital.

Services

In 1973, the District constructed the Oak Valley Hospital, in order to provide area residents with access to convenient health care services. The District is licensed to operate and maintain a general acute care hospital, which includes 29 acute care hospital beds in use, and other services such as the following: a 24-hour basic emergency care, respiratory care services, surgical services, clinical laboratory, and diagnostic imaging services. The District also operates the 115-bed Oak Valley Care Center, a skilled nursing facility. In addition, the District operates rural health clinics located in Oakdale, Riverbank, and Escalon and is scheduled to open a new clinic in Waterford in 2014. The District previously operated an obstetrics unit, which closed in 2013.

Ambulance services are provided to the communities of Oakdale, Riverbank, and Waterford. Emergency Medical Technicians (EMTs) are on call 24-hours a day to serve the surrounding communities utilizing the Oak Valley Ambulance services.

Location and Size

The District boundaries are comprised of approximately 253,700 acres. The District serves Northern Stanislaus County, which includes the cities of Oakdale, Riverbank, and Waterford; and the unincorporated communities of Knights Ferry and Valley Home. The District also provides services to areas in the southeast portion of San Joaquin County including areas in and around the City of Escalon. The District's hospital and administrative offices are located at 350 South Oak Avenue, Oakdale, CA 95361.

Sphere of Influence

The cities of Oakdale, Riverbank, and Waterford, along with the unincorporated communities of Knights Ferry and Valley Home are located within the District's Sphere of Influence boundary. The Sphere of Influence includes additional acreage currently outside the District's boundary in and around the City of Escalon (in San Joaquin County).

Governance

A five-member Board of Directors governs the District. Meetings are held on the fourth Wednesday of every month at 5:30 p.m. in the District's Hospital Administration Building Conference Room located at 350 South Oak Avenue, Oakdale, CA 95361. All meetings are open to the public. The District also has established a website (www.oakvalleycares.org) that is user-friendly and provides information such as programs and services, physicians' directory, annual reports, and visiting hours.

Personnel

The District employs 550 employees and additionally has over 40 physicians approved to practice medicine.

Mission Statement

The mission statement of the District is as follows: "Oak Valley Hospital District is committed to providing our communities with quality healthcare services with compassion, pride and excellence."

Partnership Agencies

The District maintains positive and collaborative relationships with local, state and federal agencies, such as: the cities of Oakdale, Riverbank, Waterford, and Escalon, Stanislaus and San Joaquin counties, Oakdale Rural Fire Protection District, Oak Valley Hospital Foundation, Mountain Valley Emergency Medical Services, local area hospitals, UC Davis, Children's Medical Hospital, Fresno, Hospital Council of Northern and Central California, California Department of Health Services, California Children and Families Commission, Office of Statewide Health & Planning, and the Center for Medicare and Medicaid Services (CMS).

Funding Sources

The District's source of revenue is derived from the following: reimbursements from Medicare, Medi-Cal, Self-Pay, PPO, Private Insurance, Oak Valley Hospital Foundation, charity/trusts, grants (First Five Program). The District does not receive a share of the County property tax revenues for daily operating needs but does receive funds for approximately 40% of the debt incurred for the new building.

Determinations - Oak Valley Hospital District

The following provides an analysis of the six categories or components required by Government Code Section 56430 for a municipal service review for the Oak Valley Hospital District:

1. Growth and Population Projections for the Affected Area

According to the District, approximately 78,796 persons live within the District's boundary and Sphere of Influence as of 2012. This year, the District expects to admit 880 patients to its acute care hospital and 240 residents to the Care Center. Additionally, the District projects treating 23,000 patients in their Emergency Department and will serve over 52,000 patients in their clinics during the same twelve-month period.

2. The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

No known disadvantaged unincorporated communities are within or contiguous to the District's Sphere of Influence.

3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies Related to Sewers, Municipal Water and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence

The District recently embarked on a \$69 million expansion to the Oak Valley Hospital in order to meet local demand for community healthcare services, as well as new state seismic standards for hospitals. The new hospital building consists of 123,000 square feet. At this time, only the first floor of the two-story building (phase one), which occupies approximately 65,000 square feet, is in operation. It is comprised of a 12-space emergency room, four operating rooms of which two are currently in use, five post-anesthesia beds, two gastrointestinal procedure rooms, seven outpatient surgical prep and recovery rooms, imaging services (including diagnostic, mammography, CT), respiratory therapy, and a laboratory. The older hospital building retains its 29 beds for acute inpatients and connects by corridors to the new building.

As the District is not a provider of water, sewer, or fire protection services, it is not responsible for assuring that these services are adequately provided to disadvantaged unincorporated communities within or contiguous to the District.

4. Financial Ability of Agencies to Provide Services

The District adopts an annual budget, which is used as the spending plan for the District. The budget provides a framework for the District to address budgetary issues such as: revenues, expenditures, reserves, fiscal management, investments, capital improvements, and rates and fees. Monthly financial reports are provided at the District's board meetings.

There is no overlapping or duplication of services within the District boundaries. The District participates in a variety of joint agency practices to maximize cost avoidance opportunities such as the District's Management Agreement with BETA Healthcare Group for Risk Management services and Plan Alpha for Worker's Compensation services.

Rates and fees for services provided by the District are governed by the amount the District can charge for services rendered. The District charges all patients equally based on its established pricing structure. The rates and fees are established during the District's annual budget review process. Factored into the budget are reimbursements from insurance programs, such as HMOs, PPOs, Medicare and Medicaid. The amounts of reimbursements are based upon contractual agreements and government obligations.

The District's annual budget process is designed to screen out unnecessary costs and is submitted to the Board of Directors for review and approval. Overall, the District appears to be in good financial shape, and has in place the necessary financial mechanisms to continue serving existing and future residents.

5. Status of, and Opportunities for, Shared Facilities

In the spirit of cooperation, the District shares its conference facilities with agencies and organizations within the area, including, but not limited to the City of Oakdale, Family Support Network, and the State’s Women, Infant & Children (WIC) Program.

6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

A five-member Board of Directors, elected by registered voters, governs the District. The Board is subject to the provisions of the Brown Act requiring open meetings. The District also has established a website (www.oakvalleycares.org) that is user-friendly and provides information such as: programs and services offered, visiting hours, and yearly reports. The District has the necessary resources and staffing levels to operate in a cost-efficient and professional manner. It is reasonable to conclude that the District has the organizational capability to adequately serve the areas under its jurisdiction.

7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

None.

Sphere of Influence Update for the Del Puerto Healthcare District, Westside Community Healthcare District, and Oak Valley Hospital District

In determining a sphere of influence (SOI) of each local agency, the Commission shall consider and prepare determinations with respect to each of the following factors, pursuant to Government Code Section 56425:

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 that 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. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The following determinations are made consistent with Government Code Section 56425 and local Commission policy for the healthcare and hospital districts in Stanislaus County.

SOI Update – Del Puerto Healthcare District

The following determinations for the Del Puerto Healthcare District Sphere of Influence update and are made in conformance with Government Code Section 56425 and local Commission policy.

Determinations:

1. Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

The present and planned land uses within the District's Sphere of Influence (SOI) consist of agricultural, rural residential, suburban and urban areas. The District does not have the authority to make land use decisions, nor does it have authority over present or planned land uses within its boundaries and SOI. The responsibility for land use decisions within the District boundaries is retained by the City of Patterson, Stanislaus County, and San Joaquin County.

2. Present and Probable Need for Public Facilities and Services in the Area

The present and probable need for public healthcare facilities and services in the area is not likely to diminish. On an annual basis, the District draws thousands of patrons seeking localized healthcare services. Portions of patients travel from all communities on the

Westside (including Patterson, Newman, and Gustine) as well as the Modesto, Ceres, and Turlock areas. The District also receives a portion of its patients from as far as Tracy and Stockton. New development in these areas will continue to generate additional demand for healthcare and ambulance services.

3. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

Following an increased demand for healthcare services, the District's Health Center outgrew its previous location and, in 2012, relocated to an 11,000 square foot building that provides sufficient area for procedures, stress and echo testing, colo-rectal screenings, and additional space for specialists and family physicians.

Although the District recently added coverage hours for its ambulance service, there are times when only one ambulance is on duty in the District's boundary. This creates the need for mutual aid, should the District be unavailable due to a call during this time. Mutual aid is often provided by the neighboring Westside Community Healthcare District.

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

The following jurisdictions can be categorized as Communities of Interest in the area: the City of Patterson, as well as the unincorporated communities of Crows Landing, Grayson, Westley, Diablo Grande, and the Vernalis area (in San Joaquin County). Although outside the Districts' current boundary and SOI, the cities of Newman and Gustine can also be considered communities of interest, as the District receives patients from these areas as well.

5. For an Update of a Sphere of Influence of a City or Special District That Provides Public Facilities or Services Related to Sewers, Municipal and Industrial Water, or Structural Fire Protection, the Present and Probable Need for Those Public Facilities and Services of Any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence

As the District does not provide services related to sewers, municipal and industrial water or structural fire protection, this factor is not applicable.

SOI Update – Westside Community Healthcare District

The following determinations for the Westside Community Healthcare District's Sphere of Influence update are made in conformance with Government Code Section 56425 and local Commission policy.

Determinations:

1. Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

The present and planned land uses within the District's Sphere of Influence (SOI) consist of agricultural, rural residential, and suburban areas. The District does not have the authority

to make land use decisions, nor does it have authority over present or planned land uses within its boundaries and SOI. The responsibility for land use decisions within these areas is retained by the City of Newman, Stanislaus County, the City of Gustine, and Merced County.

2. Present and Probable Need for Public Facilities and Services in the Area

As new development occurs, additional demand for ambulance services is generated; therefore, the present and probable need for ambulance services in the area is not likely to diminish.

3. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

As identified in the Municipal Service Review section, it appears that the District currently has adequate capacity to provide ambulance services within its existing Sphere of Influence. The District is currently pursuing improved recovery of expenses incurred for its services.

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

The following jurisdictions can be categorized as Communities of Interest in the area: the City of Newman (in Stanislaus County), the City of Gustine, and the unincorporated communities of Stevinson and Santa Nella (in Merced County).

5. For an Update of a Sphere of Influence of a City or Special District That Provides Public Facilities or Services Related to Sewers, Municipal and Industrial Water, or Structural Fire Protection, the Present and Probable Need for Those Public Facilities and Services of Any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence

As the District does not provide services related to sewers, municipal and industrial water or structural fire protection, this factor is not applicable.

SOI Update – Oak Valley Hospital District

The following determinations for the Oak Valley Hospital District Sphere of Influence update are made in conformance with Government Code Section 56425 and Commission policy.

Determinations:

1. Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

The present and planned land uses within the District's Sphere of Influence (SOI) consist of agricultural, rural residential, suburban and urban areas. The District does not have the authority to make land use decisions, nor does it have authority over present or planned land uses within its boundaries and SOI. The responsibility for land use decisions within these areas is retained by the cities of Oakdale, Riverbank, Waterford and Escalon; and Stanislaus and San Joaquin counties.

2. Present and Probable Need for Public Facilities and Services in the Area

The present and probable need for public healthcare facilities and services in the area are not likely to diminish. On an annual basis, the Oak Valley Hospital District draws thousands of patrons seeking localized healthcare services. Realizing that the need for community-based healthcare services will continue, the District has adopted a Master Plan, which includes expansion of hospital facilities and services within the District's Sphere of Influence. This expansion is expected to meet the local healthcare needs for the next 30 years.

3. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The District outgrew its previous facility, built in 1973, and recently underwent a \$69 million expansion of a new hospital facility. Financing for the expansion came from a variety of sources including hospital reserves, revenue bond financing, and donations.

With regards to adequacy of public services provided, the District continually strives to implement new procedures to measure service levels, invests in information technology that gives physicians and other caregivers more timely access to data needed to provide effective care to patients, and completed a consumer preference survey and developed action plans to address areas of concern. The District states that it is committed to providing its communities with quality health care services with compassion, pride and excellence.

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

The following jurisdictions can be categorized as Communities of Interest in the area: the cities of Oakdale, Riverbank, Waterford, and Escalon (San Joaquin County), as well as the unincorporated communities of Knights Ferry and Valley Home.

5. For an Update of a Sphere of Influence of a City or Special District That Provides Public Facilities or Services Related to Sewers, Municipal and Industrial Water, or Structural Fire Protection, the Present and Probable Need for Those Public Facilities and Services of Any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence

As the District does not provide services related to sewers, municipal and industrial water or structural fire protection, this factor is not applicable.

**APPENDIX A:
DISTRICT SUMMARY PROFILE**

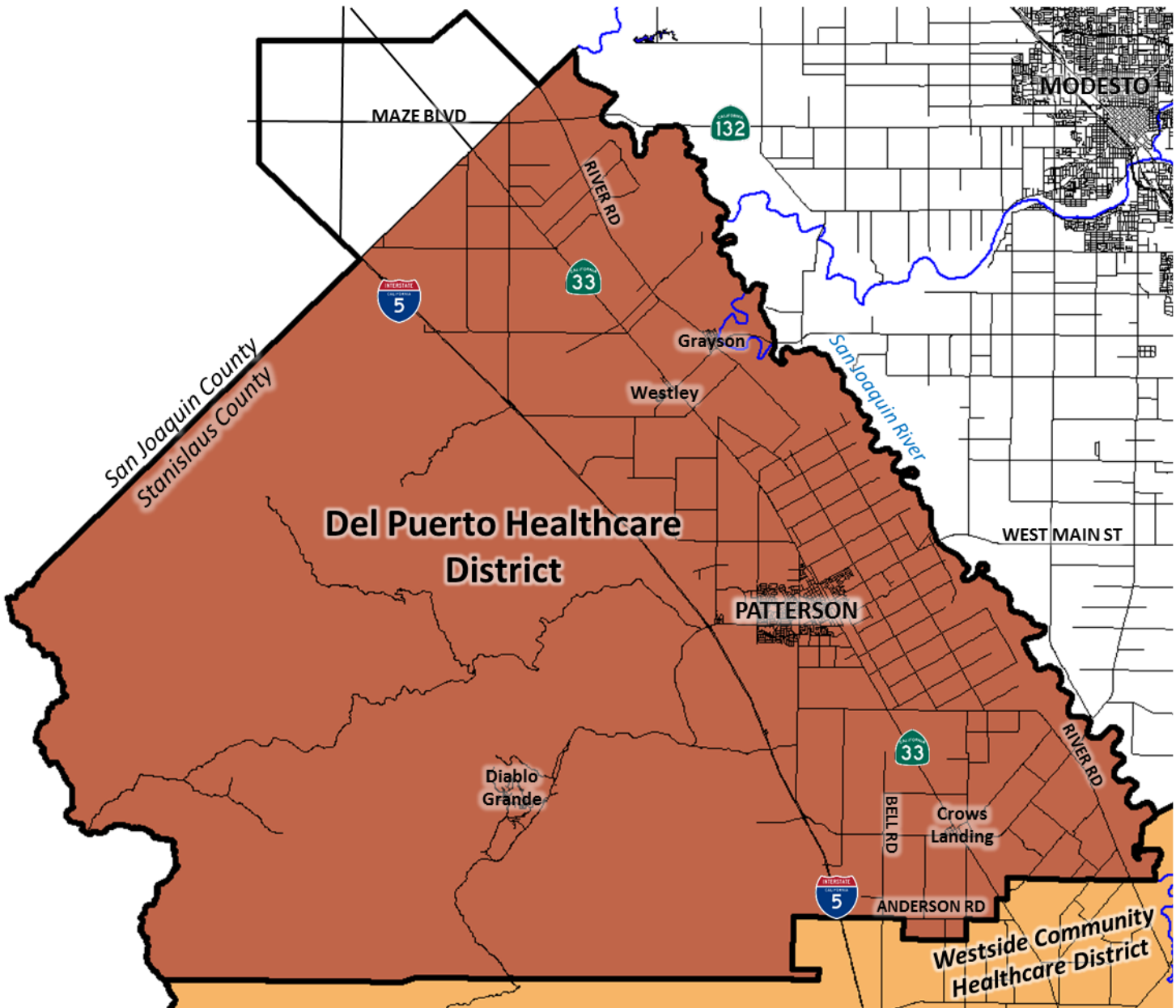





DEL PUERTO HEALTHCARE DISTRICT

Formation:	July 1, 1946
Services:	Ambulance services, operation of a health center, education, and free community health outreach
District Boundary:	Approximately 234,000 acres, located west of the San Joaquin River, including the City of Patterson, the unincorporated communities of Crows Landing, Grayson, and Westley, as well as the Diablo Grande area
Sphere of Influence:	Includes approximately 15,000 acres beyond the District's current boundary, extending out to the Vernalis area in San Joaquin County
Population*:	28,000 (total service population estimate for 2014)
Land Use:	Agricultural, Rural Residential, Suburban and Urban
Enabling Act:	Local Hospital District Law, California Health and Safety Code, Section 32000 et. seq.
Governing Body:	Five-member Board of Directors, elected by registered voters within the District boundaries
Administration:	77 Employees
Total Revenues:	\$4,561,057 (Fiscal Year 2014-15 Budget)
Revenue Sources:	Share of County property taxes, special assessments, service fees, developer/mitigation fees, and interest

**Source: District estimate, 2014*

MAP 1: DEL PUERTO HEALTHCARE DISTRICT BOUNDARIES AND SPHERE OF INFLUENCE



	District Boundary (234,000+/- acres or 366 sq. miles)
	Sphere of Influence (249,000+/- acres or 389 sq. miles)
	Outside of District



Source: LAFCO Files, June 2014

**APPENDIX B:
DISTRICT SUMMARY PROFILE**

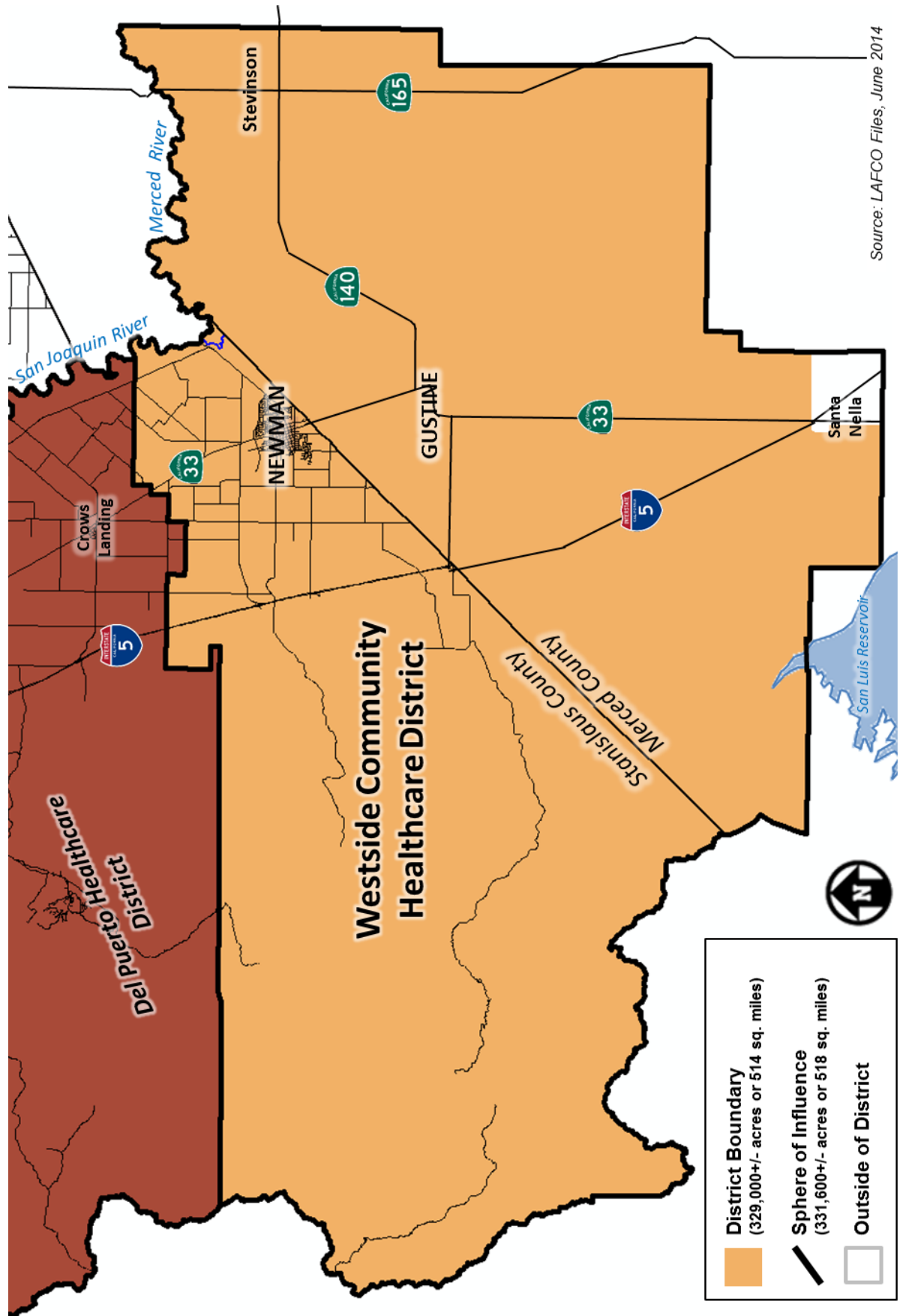
WESTSIDE COMMUNITY HEALTHCARE DISTRICT

Formation:	November 18, 1957
Services:	Ambulance services
District Boundary:	Approximately 329,000 acres including the western portion of Stanislaus County in and around the City of Newman, south of and adjacent to the Del Puerto Healthcare District. The District boundary also overlaps into Merced County, including the City of Gustine and the unincorporated community of Stevinson
Sphere of Influence:	Coterminous with the District's current boundary, with the exception of approximately 2,500 acres in the Santa Nella area of Merced County
Population*:	21,028
Land Use:	Rural, Suburban and Urban
Enabling Act:	Local Hospital District Law, California Health and Safety Code, Section 32000 et. seq.
Governing Body:	Five-member Board of Directors, elected by registered voters within the District boundaries
Administration:	40 Employees: 12 full-time and 28 part-time
Total Revenues:	\$1,942,985 (Fiscal Year 2014-2015 Budget)
Revenue Sources:	Share of County property taxes, special assessments, and ambulance service fees






**Source: Estimated using 2010 Census data*

**MAP 2:
WESTSIDE COMMUNITY HEALTHCARE DISTRICT
BOUNDARIES AND SPHERE OF INFLUENCE**



Source: LAFCO Files, June 2014

	District Boundary (329,000+/- acres or 514 sq. miles)
	Sphere of Influence (331,600+/- acres or 518 sq. miles)
	Outside of District

**APPENDIX C:
DISTRICT SUMMARY PROFILE**

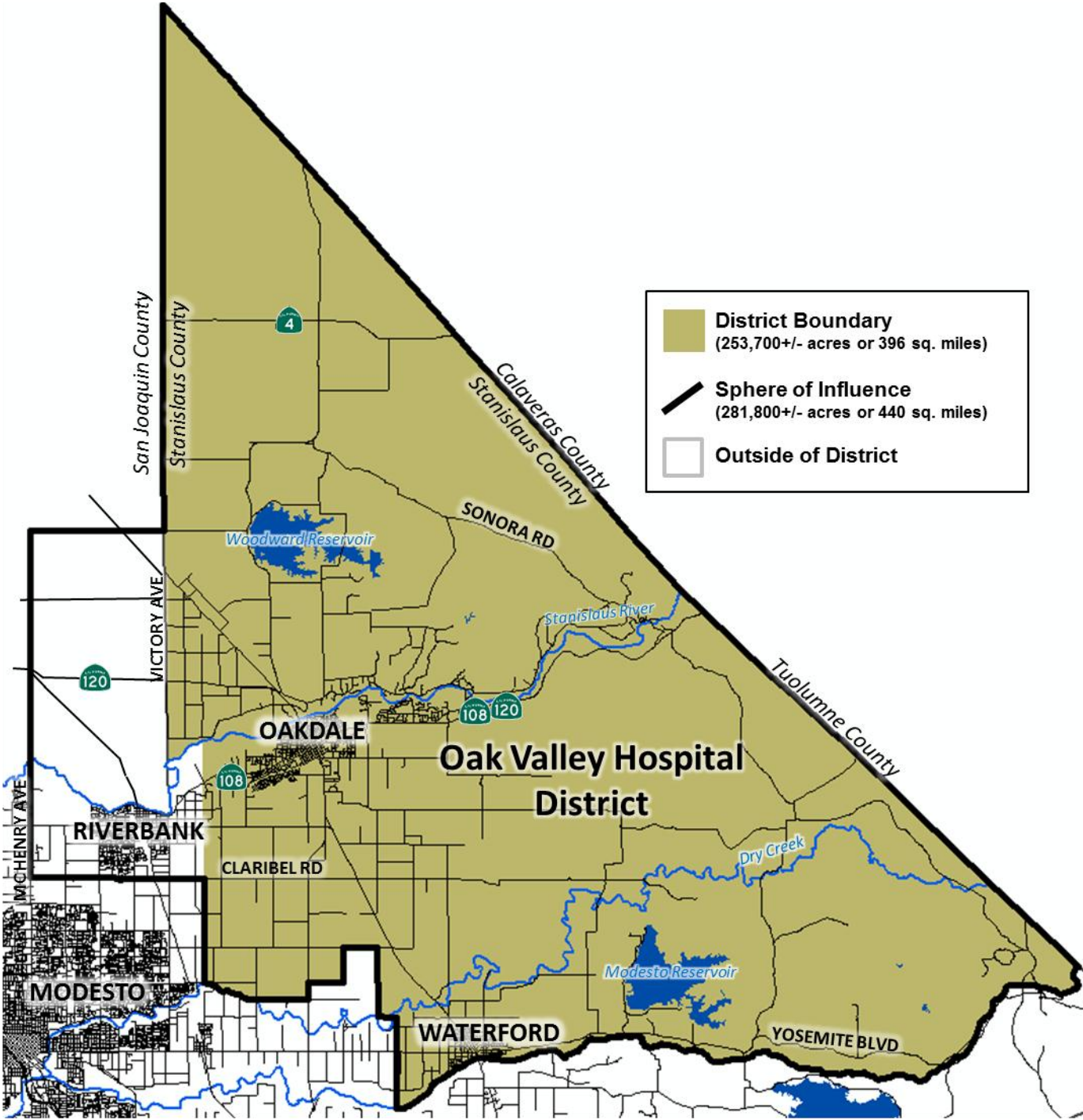





OAK VALLEY HOSPITAL DISTRICT

Formation:	June 18, 1958
Services:	Operation of a general acute care community hospital, skilled nursing facility, ambulance services, and rural health clinics
District Boundary:	Approximately 253,700 acres, located in the northern portion of Stanislaus County, including the cities of Oakdale, Riverbank, and Waterford; and the unincorporated communities of Knights Ferry and Valley Home
Sphere of Influence:	Extends into southeast San Joaquin County nearly 28,000 acres, including areas in and around the City of Escalon
Population*:	78,796 (Service population estimate for 2012)
Land Use:	Rural, suburban, and urban
Enabling Act:	California Health and Safety Code: Hospital Districts, Sections 32000 to 32490.9
Governing Body:	Five-member Board of Directors, elected by the registered voters within the District
Administration:	550 Employees
Total Revenues:	\$55,668,977 (Fiscal Year 2014-15 Budget)
Revenue Sources:	Insurance Programs (Self-Pay, PPO, Private Insurance, Workers Compensation), Medicare, Medi-Cal, charity/foundations, and various grants

**Source: District estimate, 2014*

MAP 3: OAK VALLEY HOSPITAL DISTRICT BOUNDARIES AND SPHERE OF INFLUENCE



	District Boundary (253,700+/- acres or 396 sq. miles)
	Sphere of Influence (281,800+/- acres or 440 sq. miles)
	Outside of District

Source: LAFCO Files, June 2014



APPENDIX D

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