



**LAFCO MEETING
AGENDA
Wednesday, June 5, 2013
1:15 PM**

**Board Meeting Chambers
70 West Hedding Street, First Floor, San Jose, CA 95110**

**CHAIRPERSON: Mike Wasserman • VICE-CHAIRPERSON: Susan Vicklund Wilson
COMMISSIONERS: Pete Constant, Sequoia Hall, Margaret Abe-Koga, Linda LeZotte
ALTERNATES: Johnny Khamis, Yoriko Kishimoto, Terry Trumbull, Cat Tucker**

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COMMISSIONERS: Pete Constant, Sequoia Hall, Margaret Abe-Koga, Linda J. LeZotte, Mike Wasserman, Susan Vicklund Wilson
ALTERNATE COMMISSIONERS: Johnny Khamis, Yoriko Kishimoto, Terry Trumbull, Cat Tucker
EXECUTIVE OFFICER: Neelima Palacherla

1. ROLL CALL

2. PUBLIC COMMENTS

This portion of the meeting is reserved for persons desiring to address the Commission on any matter not on this agenda. Speakers are limited to THREE minutes. All statements that require a response will be referred to staff for reply in writing.

3. APPROVE MINUTES OF APRIL 3, 2013 LAFCO MEETING

PUBLIC HEARING

4. SPECIAL DISTRICTS SERVICE REVIEW: PHASE 1 AND SPHERE OF INFLUENCE UPDATES

Possible Action:

- a. Open public hearing and receive public comments.
- b. Close public hearing.
- c. Consider the Special Districts Service Review Revised Draft Report and the staff recommendation.

5. CONTINUED FROM APRIL 3, 2013: MORGAN HILL URBAN SERVICE AREA (USA) AMENDMENT 2012 MONTEREY – SOUTH OF WATSONVILLE

(Staff Report provided in the April 3, 2013 Agenda Packet, Item No. 4)

Possible Action:

- a. Open public hearing and receive public comments.
- b. Close public hearing.
- c. Consider the request for USA amendment and the staff recommendation.

6. FINAL LAFCO BUDGET FOR FISCAL YEAR 2014

Possible Action:

- a. Adopt the Final LAFCO Budget for Fiscal Year 2013-2014.
- b. Find that the Final LAFCO Budget for Fiscal Year 2014 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
- c. Authorize staff to transmit the Final LAFCO Budget adopted by the Commission including the estimated agency costs to each of the cities, to the special districts, to the County, to the Cities Association and to the Special Districts Association.

- d. Direct the County Auditor-Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

ITEMS FOR ACTION / DISCUSSION

7. ELECTRONIC AGENDA PACKETS FOR LAFCO

Possible Action:

- a. Adopt policies related to use of LAFCO issued electronic devices, such as iPads, in order to address potential issues associated with the use of this technology and equipment.
- b. Authorize the purchase of iPads for LAFCO staff and interested commissioners to be used for accessing electronic agenda packets and other LAFCO meeting materials, as necessary.

8. EL CAMINO HEALTHCARE DISTRICT

8.1 LEGISLATIVE COUNSEL'S OPINION REGARDING APPLICABILITY OF GANN APPROPRIATIONS LIMIT TO HEALTH CARE DISTRICTS

Possible Action: Accept Report and provide direction to staff, as necessary.

8.2 UPDATE ON EL CAMINO HEALTHCARE DISTRICT'S IMPLEMENTATION OF THE RECOMMENDATIONS IN LAFCO'S AUDIT AND SERVICE REVIEW OF THE DISTRICT

For Information Only.

9. LEGISLATIVE REPORT

Possible Action: Accept report and provide direction to staff, as necessary.

10. EXECUTIVE OFFICER'S REPORT

10.1 SPECIAL DISTRICTS SERVICE REVIEW: PHASE 2 UNDERWAY

For Information Only.

10.2 REPORT ON THE 2013 CALAFCO STAFF WORKSHOP

For Information Only.

10.3 NOMINATIONS TO THE CALAFCO BOARD OF DIRECTORS

Possible Action: Consider information and provide direction to staff.

10.4 DESIGNATE VOTING DELEGATE AND ALTERNATE VOTING DELEGATE FOR SANTA CLARA LAFCO

Possible Action: Appoint voting delegate and alternate voting delegate.

10.5 SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA) BOARD ELECTION

Possible Action: Commission may consider information and vote for up to 4 candidates to the SDRMA Board.

11. PENDING APPLICATIONS / UPCOMING PROJECTS

11.1 West Bay Sanitary District SOI Amendment and Annexation

12. COMMISSIONER REPORTS

13. NEWSPAPER ARTICLES / NEWSLETTERS

13.1 Article titled “The Fiscal Case for Smart Growth” from the California Planning & Development Report

13.2 CALAFCO Quarterly Bulletin (May 2013)

14. WRITTEN CORRESPONDENCE

15. ADJOURN

Adjourn to the regular LAFCO meeting on Wednesday, August 7, 2013, at 1:15 PM in the Board Meeting Chambers, 70 West Hedding Street, San Jose.

4. **MORGAN HILL URBAN SERVICE AREA (USA) AMENDMENT 2012 (MONTEREY-SOUTH OF WATSONVILLE)**

Chairperson Wasserman announced that the City of Morgan Hill has requested the continuation of the public hearing to June 5, 2013.

This being the time and place for the public hearing, **Chairperson Wasserman** declared the public hearing open.

Leslie Little, Assistant City Manager, Morgan Hill, requested that the Commission continue the public hearing to June 5, 2013 to allow City staff more time to review the staff report.

Barton Hechtman, representing Royal Oaks Mushrooms, expressed support for continuation of the public hearing.

Doug Muirhead, a resident of Morgan Hill, requested that the Commission deny Morgan Hill's USA expansion request. He noted that in addition to this proposal, the City is also planning to expand its southeast boundary by about 1,000 acres and that the proposed expansion is also not being considered in its General Plan update process. He then discussed how these expansions are unnecessary since there are enough vacant lands within Morgan Hill city limits.

Chairperson Wasserman determined that there are no members of the public who wished to speak on the item and ordered the public hearing closed.

The Commission continued the public hearing to June 5, 2013.

Motion: Constant

Second: Abe-Koga

MOTION PASSED

AYES: Constant, Hall, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

5. **SPECIAL DISTRICTS SERVICE REVIEW DRAFT REPORT: PHASE 1**

Dunia Noel, LAFCO Analyst, provided an overview of the special districts service review. Jennifer Stephenson, Policy Consulting Associates, made a presentation on the highlights of the Draft Report. Ms. Stephenson and staff responded to Commission inquiries during the presentation.

With regard to the Saratoga Cemetery District (SCD), **Commissioner LeZotte** inquired why the annexation of a northern portion of Saratoga to SCD is not part of the recommendation. Ms Palacherla advised that the recommendation was removed since neither the SCD nor the residents identified this as an issue, and since there is no direct relationship between city boundaries and cemetery services. Ms. Palacherla continued that adding new areas would not result in corresponding increase in tax revenues for the District. She noted that the annexation of the area can be initiated by the SCD or by property owners at any time. **Commissioner Constant** stated that annexation may not be feasible if it would bring no additional tax revenues to the District.

Regarding Rancho Rinconada Recreation and Park District (RRRPD), **Chairperson Wasserman** observed that the duplication of services may be necessary to respond to the

demand for more swimming pools in the area. Ms. Stephenson advised that duplication of service between RRRPD and the City of Cupertino refers to the same type of service being provided to the same area by two different agencies. In response to an inquiry by **Alternate Commissioner Kishimoto**, Ms. Palacherla informed that staff will meet with Cupertino and RRRPD staff to discuss governance options. In response to an inquiry by **Chairperson Wasserman**, Ms. Palacherla advised that some of the recommended actions could be initiated by LAFCO and others would be referred to the RRRPD, to the City or to the County for implementation. In response to a follow-up inquiry by **Chairperson Wasserman**, Ms. Palacherla stated that the RRRPD would set its own fee schedule. In response to an inquiry by **Commissioner Hall**, Ms. Stephenson informed that the City becomes the successor agency in a merger; however, with the formation of a subsidiary district, tax revenues can only be used within RRRPD boundaries and the City Council becomes the governing body. In response to an inquiry by **Commissioner Hall**, Ms. Stephenson advised that it is inefficient for two agencies to provide the same service to the same area. At the request of **Chairperson Wasserman**, Ms. Palacherla stated that the final recommended actions will be presented at the next meeting and that additional study may be required if the Commission opts to go forward with a specific action.

Acknowledging the purpose of service reviews and LAFCO's mandate to conduct them, **Chairperson Wasserman** noted that residents have chosen to pay additional taxes to provide for local governance and facilities and questioned LAFCO's involvement in that regard. **Commissioner Khamis** expressed agreement with Chairperson Wasserman and questioned any potential cost savings should Cupertino take over the District. In response to a request by the Commission, Ms. Palacherla explained the purpose of service reviews and sphere of influence updates and LAFCO's mandate to conduct them. **Commissioner Abe-Koga** questioned whether the residents are getting additional benefits for their taxes and stated that the only benefit to the RRRPD's residents appears to be the discounted rates. She also noted that there is little public interest in electing the District board members. **Commissioner Hall** stated that the duplication of service occurred only after the unincorporated area was annexed by Cupertino. Ms. Palacherla informed that because the Rancho Rinconada island annexation was controversial in itself, decisions regarding the District were deferred to a later time. She noted that during the first service review, LAFCO adopted a zero sphere of influence to indicate that the best option was for the District to be taken over by the City at some point. **Commissioner LeZotte** expressed agreement with Commissioner Abe-Koga's comments and noted that the lack of long term financial planning at the District is an additional concern. **Commissioner Constant** explained LAFCO's role in oversight of special districts and noted that LAFCO's service reviews for other districts got the attention of their board members and resulted in reforms.

On the South Santa Clara Valley Memorial District (SSCVMD), **Chairperson Wasserman** informed that the issues were first brought to his attention by a SSCVMD board member. **Commissioner Constant** noted that this case shows the importance of service reviews. In response to an inquiry by **Commissioner Constant**, Ms. Stephenson advised that SSCVMD cannot be a subsidiary district to the County and that there is no process to transition an independent special district into a dependent special district. She added that in order for the County to assume governance of the District, SSCVMD has to be dissolved and reformed as a dependent special district and that this option is not

feasible because the revenue source could be lost. **Commissioner Constant** expressed his concern that the current Board members may not be capable of implementing LAFCO's recommendations. Rather than consider dissolution of the District which would result in veterans no longer receiving service, **Commissioner Constant** requested that staff research legal options for LAFCO or the County to remove the current board members. In response to an inquiry by **Commissioner Constant**, Ms. Palacherla informed that staff will provide all the available options and identify the implementing agencies at the next meeting. Ms. Subramanian advised that the staff report will include potential options for removing the board members. **Commissioner LeZotte** agreed with Commissioner Constant and emphasized the need to replace the board members in order to carry out the recommended reforms and to protect SSCVMD's reserves. In response to an inquiry by **Alternate Commissioner Tucker**, Ms. Stephenson reported that she had met with some of the board members.

Chairperson Wasserman acknowledged that while there are serious issues with the operation of the District, the facility is in order and it appears that there are some reserves. He requested information on ways to protect the District's reserves while the service review recommendations are implemented and suggested that the current board members must not be involved in the hiring of the General Manager who will carry out the reforms. In response to an inquiry by **Chairperson Wasserman**, Ms. Subramanian advised that the General Manager will be hired by the SSCVMD board and not LAFCO. Ms. Subramanian advised that a letter may be sent to SSCVMD putting the District on notice that LAFCO is watching its expenditures. **Alternate Commissioner Kishimoto** agreed with Chairperson Wasserman and noted that SSCVMD has a small budget. She questioned whether hiring a General Manager is the best use of its funds and inquired if a merger with another memorial district is an option. Ms. Palacherla informed that there is no other memorial district within the County.

Chairperson Wasserman indicated that some of the District's funds may be needed to make the reforms. **Commissioner Hall** noted that just one election could deplete the District's reserves. **Chairperson Wasserman** commented on the usefulness of having the hall available for veterans' use and the importance of having responsible board members to ensure that tax dollars are spent correctly. **Commissioner Constant** reminded the Commission that the District's lack of response to previous grand jury reports shows that the problems are serious and not simply a matter of board members' ignorance.

This being the time and place for the public hearing, **Chairperson Wasserman** declared the public hearing open.

Doug Muirhead, a resident of Morgan Hill, stated his appreciation for the Report and expressed his concerns about the service review process. He questioned the role of the Technical Advisory Committee, the process for terminating the first consultant and hiring the second consultant and whether the change in consultants resulted in additional burden to special districts' staff.

Chairperson Wasserman determined that there are no members of the public who wished to speak on the item and ordered the public hearing closed.

The Commission considered the Draft Report for the Special Districts Service Review: Phase 1; accepted public comments; and, directed staff to revise the Report as necessary to address comments received through April 5th and set June 5, 2013 as the date for the public hearing to consider adoption of the Final Report.

Motion: Wilson

Second: Abe-Koga

MOTION PASSED

AYES: Constant, Hall, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

6. PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2014

This being the time and place for the public hearing, **Chairperson Wasserman** declared the public hearing open, determined that there are no members of the public who wished to speak on the item and ordered the public hearing closed.

Commissioner Constant reported that the Finance Committee reviewed and recommended the proposed budget and made additional recommendations regarding implementation of electronic distribution of agenda packets. He reported that the LAFCO Counsel was directed to work with the County to establish a process for Executive Officer performance evaluation, hiring / firing and for setting LAFCO staff salary ranges. **Chairperson Wasserman** expressed appreciation to Commissioners Constant and Hall for serving on the Finance Committee. In response to an inquiry by **Commissioner LeZotte**, **Commissioner Constant** informed that LAFCO staff members are County employees funded by the LAFCO budget and that the current Memorandum of Understanding (MOU) does not provide for these processes. **Commissioner Wilson** stated that it is appropriate to establish rules for LAFCO staffing to ensure LAFCO's independence. Ms. Palacherla informed that LAFCO was funded and staffed by the County prior to 2001. She explained that the Cortese-Knox-Hertzberg Act of 2000 required LAFCOs to be independent, and since then, LAFCO has contracted with the County for staffing and facilities. Ms. Subramanian explained that the LAFCO MOU with the County provides a process for hiring the LAFCO Executive Officer but does not include a process for removal.

Ms. Palacherla presented a brief staff report.

Commissioner Constant informed that the Finance Committee had a thorough discussion on the amount budgeted for reserves. **Commissioner Wilson** expressed appreciation to Chairperson Wasserman, and Commissioners Constant and Hall for serving on the Finance Committee.

The Commission adopted the Proposed LAFCO Budget for Fiscal Year 2013-2014; found that the Proposed LAFCO Budget for Fiscal Year 2014 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities; and, authorized staff to transmit the Proposed LAFCO Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice on the adoption of the Fiscal Year 2014 Final Budget to the cities, to the special districts, to the County, to the Cities Association and to the Special Districts Association.

Motion: Constant

Second: Wilson

MOTION PASSED

AYES: Constant, Hall, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

7. LEGISLATIVE COUNSEL’S OPINION ON THE APPLICABILITY OF THE GANN APPROPRIATIONS LIMIT TO HEALTH CARE DISTRICTS

Ms. Palacherla and Ms. Subramanian presented the staff report.

In response to an inquiry by **Chairperson Wasserman**, Ms. Subramanian informed that the State Attorney General’s (AG) website states that an opinion could be rendered in four to six months. **Commissioner Constant** indicated his preference for obtaining an AG opinion and suggested that LAFCO use the Legislative Counsel’s opinion in the meantime. **Commissioner Abe-Koga** noted that this does not address why the El Camino Hospital District is setting aside funds and not spending more on community benefits. **Commissioner Constant** agreed in concept with Commissioner Abe-Koga and noted that it would be helpful to get more resolution of the issue with an AG Opinion. In response to an inquiry by **Chairperson Wasserman**, Ms. Subramanian stated that staff needed more time to review the Legislative Counsel’s opinion and would provide a summary at the next meeting.

8. UPDATE ON GUADALUPE COYOTE RESOURCE CONSERVATION DISTRICT’S IMPLEMENTATION OF THE RECOMMENDATIONS OF LAFCO’S 2011 COUNTYWIDE WATER SERVICE REVIEW REPORT

Ms. Noel presented the staff report and directed attention to a letter from the Guadalupe Coyote Resource Conservation District expressing appreciation to the Commission and staff for their constructive recommendations through the service review process.

9. AGENCY REPORT OF PUBLIC OFFICIAL APPOINTMENTS: FORM 806

Ms. Noel presented the staff report.

10. EXECUTIVE OFFICER’S REPORT

10.1 UPDATE ON SPECIAL STUDY ON IMPACTS OF THE POTENTIAL DISSOLUTION OF SARATOGA FIRE PROTECTION DISTRICT AND ANNEXATION OF ITS TERRITORY TO SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT

Ms. Palacherla presented the staff report.

10.2 CALAFCO ANNUAL CONFERENCE AUGUST 28-30

Ms. Palacherla presented the staff report.

Commissioner Constant encouraged commissioners to attend the CALAFCO Conference. In response to an inquiry by **Commissioner Wilson**, Ms. Palacherla advised that Alternate Commissioner Trumbull may attend the Conference in place of Commissioner Wilson. In response to an inquiry by **Commissioner LeZotte**, Ms. Subramanian advised that attendance by all the commissioners is exempt from the Brown Act as long as they do not discuss Santa Clara LAFCO’s business.

The Commission authorized commissioners and staff to attend the 2013 CALAFCO Annual Conference and directed that the associated travel expenses be funded by the LAFCO Budget for Fiscal Year 2014.

Motion: Constant

Second: Wilson

MOTION PASSED

AYES: Constant, Hall, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

11. PENDING APPLICATIONS

11.1 West Bay Sanitary District SOI Amendment and Annexation

12. COMMISSIONER REPORTS

13. NEWSPAPER ARTICLES / NEWSLETTERS

14. WRITTEN CORRESPONDENCE

15. ADJOURN

The meeting was adjourned at 3:25 p.m. to the next meeting on Wednesday, June 5, 2013 in the Board Meeting Chambers, County Government Center, 70 West Hedding Street, San Jose, California.

Approved:

Mike Wasserman, Chairperson

Local Agency Formation Commission of Santa Clara County

By: _____

Emmanuel Abello, LAFCO Clerk

LAFCO MEETING: June 5, 2013
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: SPECIAL DISTRICTS SERVICE REVIEW: PHASE 1 AND
SPHERE OF INFLUENCE UPDATES

STAFF RECOMMENDATIONS

CEQA ACTION

1. Determine that the Special Districts Service Review Report: Phase 1 which includes sphere of influence updates for six special districts and the recommendations of this staff report are exempt from the requirements of the California Environmental Quality Act (CEQA) under State CEQA Guidelines: §15306 Class 6; §15061(b)(3) General Rule; §15378(b)(5); and §15320 Class 20.

SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATES

1. Accept comments and consider any further revisions to the Special Districts Service Review Revised Draft Report: Phase 1.
2. Adopt the Special Districts Service Review Report: Phase 1 (Service Review Report) including the revised chapter on the Rancho Rinconada Recreation and Park District, and other revisions, as necessary.
3. Adopt service review determinations for each of the six districts as included in the Service Review Report.
4. Adopt sphere of influence (SOI) updates along with the sphere of influence determinations for the six special districts as included in the Service Review Report:
 - a. Reaffirm the existing zero SOI for the **Rancho Rinconada Recreation and Park District (RRRPD)** as recommended in the Service Review Report. Direct staff to facilitate discussions between the RRRPD and the City of Cupertino on the governance options identified in the Report, as necessary. Direct staff to report

- back to LAFCO on the outcome of the discussions, at which time, LAFCO will consider next steps associated with the governance options.
- b. Reaffirm the existing coterminous SOI for the **Santa Clara County Lighting Service Area (SCCLSA)** as recommended in the Service Review Report.
 - c. Reaffirm the existing coterminous SOI for the **Santa Clara County Vector Control District (SCCVCD)** as recommended in the Service Review Report.
 - d. Reaffirm the existing coterminous SOI for the **Saratoga Cemetery District (SCD)** as recommended in the Service Review Report.
 - e. Request that the **South Santa Clara Valley Memorial District (SSCVMD)** provide a report to LAFCO by September 13, 2013 on the District's progress in implementing the recommendations identified for immediate action and provide a second report to LAFCO by May 23, 2014 on the District's progress in implementing the remaining recommendations, as recommended in the Service Review Report and summarized in Table 1 (Pages 10 and 11 of this staff report). Reevaluate the District and its SOI at that time and determine whether sufficient improvement has been made and if further action is necessary. Retain the existing coterminous SOI for the SSCVMD pending further evaluation of the District.
 - f. Reaffirm the existing coterminous SOI for the **Santa Clara Valley Transportation Authority** as recommended in the Service Review Report.
5. Direct staff to prepare the Final Report for the Special Districts Service Review: Phase 1 and to distribute the Final Report to all the affected agencies.
 6. Direct staff to contact each affected agency and request a written response on how and when the agency plans to address the findings and/or implement the recommendations presented in the Final Report and to provide an explanation if the agency disagrees with a finding or does not plan to implement a recommendation.
 7. Request that the County consider implementing the recommendations in the Report in order to facilitate transparency and public accountability of special districts within this county. Please see Pages 12 and 13 of this staff report for the list of recommendations identified for the County.

BACKGROUND

SERVICE REVIEW AND SPHERE OF INFLUENCE REQUIREMENTS

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code §56000 et seq.) requires that each LAFCO conduct service reviews prior to or in conjunction with the 5-year mandated sphere of influence (SOI) updates. A service review is a comprehensive review of municipal services in a designated geographic area in order to obtain information about services, evaluate provision of

services, and recommend actions when necessary, to promote the efficient provision of those services.

As part of the service review, LAFCO must prepare an analysis and written statement of determinations regarding each of the following categories:

- Growth and population projections for the affected area
- Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including infrastructure 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
- Financial ability of agencies to provide services
- Status of, and opportunities for, shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy

As part of the sphere of influence update, LAFCO must prepare an analysis and written statement of determinations for each agency regarding each of the following categories:

- The present and planned land uses in the area, including agricultural and open-space lands
- The present and probable need for public facilities and services in the area
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
- 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 present and probable need for water, wastewater, and structural fire protection facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence
- The nature, location, and extent of any functions or classes of services provided by existing districts

The Special Districts Service Review Draft Report reviews six districts, specifically the Rancho Rinconada Recreation and Park District (RRRPD), the Santa Clara County Vector Control District (SCCVCD), the Santa Clara Valley Transportation Authority (SCVTA), the Saratoga Cemetery District (SCD), the South Santa Clara Valley Memorial District (SSCVMD), and the Santa Clara County Lighting Service Area (SCCLSA). The Report

includes a service review and sphere of influence update for each of these agencies and recommends actions to promote efficient service delivery, and improve the transparency, accountability and governance of these districts.

SERVICE REVIEW PROCESS

A Technical Advisory Committee (TAC) consisting of LAFCO Commissioners Abe-Koga and LeZotte, appointed by LAFCO; and Santa Clara Valley Water District (SCVWD) Board Member Patrick Kwok and Saratoga Fire Protection District Fire Commissioner Eugene Zambetti, appointed by the Santa Clara County Special Districts Association; provided input and guidance during the review process. TAC members Abe-Koga and Kwok also served on the consultant selection committee. The Special Districts Association appointed Fire Commissioner Zambetti to replace Board Member Kwok on the TAC after Mr. Kwok's term on the SCVWD concluded. To date, three TAC meetings have been held on the following dates: October 26, 2012; February 18, 2013; and March 8, 2013.

The Matrix Consulting Group, through a Request for Proposals (RFP) process, was selected to prepare the Special Districts Service Review. However upon mutual consent, the contract between Matrix Consulting Group and LAFCO was terminated without cause in February 2013. LAFCO then entered into a contract with Policy Consulting Associates (PCA) to prepare the Special Districts Service Review. PCA was one of three respondents to the RFP and has successfully conducted LAFCO's 2011 Countywide Water Service Review. The change in consultants and transfer of information to the new consultant has been smooth, with no additional burden to the special districts, and the service review will be conducted within the LAFCO authorized budget amount.

In August 2012, LAFCO staff distributed a newsletter outlining the project scope, process and schedule to all affected agencies and interested parties. The consultant then began gathering information on affected agencies and met individually with each agency. LAFCO staff participated in most of these meetings. The consultant then prepared draft profiles of the agencies which were then provided to each agency for internal review and comment in order to ensure factual accuracy prior to the release of the report for public review. Next, the consultant analyzed the data and made the required determinations and developed recommendations for each agency. The County Planning Department prepared GIS maps for the Draft Report.

An administrative draft of the report was developed by the consultant for LAFCO staff review. A Public Review Draft Report (Dated March 14, 2013) was developed and posted on the LAFCO website for public review and comment. LAFCO sent a Notice of Availability/Notice of LAFCO's April 3, 2013 Public Hearing to all affected agencies and other interested parties announcing the release of the Draft Service Review Report for public review and comment.

Comments on the Draft Service Review Report and Release of Revised Draft Report

LAFCO held a public hearing on April 3, 2013, to accept public comments on the Draft Service Review Report. LAFCO received written comments from Doug Muirhead

(resident, Morgan Hill) and Gary T.S. Reed (Manager, Saratoga Cemetery District). Please see Attachment B. The Draft Report was then revised to address these comments and to include a Background chapter providing general information on service review and sphere of influence update requirements. A redline version of the Revised Draft Report (dated April 18, 2013) was released on the LAFCO website and a Notice of Availability for the Revised Draft Report / Notice of June 5, 2013 Public Hearing (Attachment A) was provided to all affected agencies and interested parties.

Comments on the Revised Draft Report

On May 15, 2013, LAFCO received written comments on the Revised Draft Report from Kirsten M. Powell (Attorney, South Santa Clara Valley Memorial District), Miriam Salo (Board President, Rancho Rinconada Recreation and Park District), and Kevin Davis (District Manager, Rancho Rinconada Recreation and Park District). Attachment B includes all of the comment letters received to date.

Attachment C includes a table listing all of the comments received to date along with a response.

The chapter on the Rancho Rinconada Recreation and Park District was further revised to address the comments received from the District. Please see Attachment D which includes a redlined version of this Chapter.

ENVIRONMENTAL ANALYSIS

The Special Districts Service Review Report: Phase 1 is intended to serve as an information gathering tool to help LAFCO, the public and other agencies better understand how services are provided within Santa Clara County and to update the spheres of influence of the six affected districts. The Service Review Report consists of the following items:

- Profiles of the six affected special districts
- Any issues related to the six affected districts and recommendations for addressing those issues, including measures to enhance the accountability and transparency of special districts and potential alternative government structures to achieve efficiencies in service provision and address governance, transparency and accountability issues
- Service review determinations for the six affected special districts
- Sphere of influence recommendations and determinations for the six affected special districts

LAFCO is not required to initiate boundary changes based on this service review. LAFCO, local agencies or the public may subsequently use the service review together with additional research and analysis where necessary, to pursue changes in jurisdictional boundaries. Any future changes in jurisdictional boundaries will be subject to CEQA review.

The Service Review Report recommends that the spheres of influence of the following special districts be reaffirmed and retained:

- Rancho Rinconada Recreation and Park District (RRRPD)
- Santa Clara County Lighting Service Area (SCCLSA)
- Santa Clara County Vector Control District (SCCVCD)
- Saratoga Cemetery District (SCD)
- South Santa Clara Valley Memorial District (SSCVMD)
- Santa Clara Valley Transportation Authority (SCVTA)

This staff report also summarizes the Service Review Report's recommendations on how to improve the accountability and transparency of special districts and on alternative governance structures for efficient service provision. Implementation of these recommendations will not result in direct or indirect physical changes in the environment.

Therefore, the Service Review Report is exempt from the requirements of the California Environmental Quality Act (CEQA) under §15306 Class 6; §15061(b)(3) General Rule; §15378(b)(5); and §15320 Class 20 of the State CEQA Guidelines, as described below:

Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource. According to the CEQA Guidelines, these may be strictly for information gathering purposes, or as part of a study leading to an action that a public agency has not yet approved, adopted, or funded.

Section 15061(b)(3) states that the activity is covered by the general rule that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Furthermore, Section 15378(b)(5) states that a project does not include organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

Class 20 consists of changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised.

SERVICE REVIEW REPORT RECOMMENDATIONS

The Special Districts Service Review Report identifies several opportunities and includes several recommendations for improving the services provided by the 6 special districts. The following recommendations / findings are extracted from the report in order to facilitate LAFCO's follow-up and monitoring of agencies' implementation efforts and/or to explore potential governance structure alternatives, where applicable.

RANCHO RINCONADA RECREATION AND PARK DISTRICT (RRRPD)

The following are recommendations that RRRPD should implement in order to improve the accountability and transparency of the District:

1. Plans/Programs / Policies

- a. Develop and adopt goals, objectives, and performance measures
- b. Prepare business plan for next 3 to 5 years
- c. Adopt a multi-year capital improvement program
- d. Adopt a policy on expense reimbursements

2. Operational Practices

- a. Thoroughly track use of the pool (public swim, lap swim, lessons, and swim team)
- b. Conduct recreation needs assessment and assess current use of facility
- c. Consider conducting a fees survey of similar service providers and charging higher rates for non-residents
- d. Define and designate reserves for contingencies and capital needs separate from the operating cash balance
- e. File copy of annual budget with County Auditor, as legally required
- f. Advertise in newspapers and mail information to residents re: Board vacancies and District's services

Recommendations on Potential Governance Structure Options

RRRPD presently has a zero sphere of influence indicating that the District should eventually not exist as an independent special district. Both the City of Cupertino and the RRRPD provide recreation services in Cupertino. This duplication in service providers creates inherent inefficiencies and fragmented service delivery and impedes long-term planning for the delivery of recreation services to the residents of Cupertino.

Additionally, RRRPD's primary revenue source is a portion of the one percent property tax, meaning that residents of the area are paying for recreational services to two separate public entities and that the City receives less property tax revenue from the areas within RRRPD. The City generally uses property tax revenue to fund general services, from which RRRPD residents reap the same benefits as other city residents; however, as a result of RRRPD receiving a portion of the total one percent property tax levied in the area, residents of the District are paying a smaller portion of the total one percent property tax into the City's general services than other city residents.

The Service Review Report identifies alternative governance structure options for RRRPD and provides general information on the advantages and disadvantages of these various options. LAFCO staff recently had a preliminary meeting with Cupertino staff to discuss the governance options identified in the Report. City staff has also met with RRRPD staff to explore possible efficiencies.

It is recommended that LAFCO staff facilitate further discussions between the RRRPD and the City relating to the identified options, provide information to the parties on the steps/processes involved in implementing the various alternatives, and update LAFCO on the outcome of these discussions. At which time, LAFCO could consider next steps related to the governance options for the RRRPD.

SANTA CLARA COUNTY LIGHTING SERVICE AREA (SCCLSA)

The following are recommendations that SCCLSA should implement in order to improve the accountability and transparency of the District:

1. Website

- a. Include information on how to request service and assessment methodology for the different zones, rates and location/map of each benefit zone, budget and most recent assessment report

2. Plans/Programs

- a. Establish a preventative maintenance program for streetlights, including periodic inspection of streetlights at night for lamp failures, defects, and periodic preventive maintenance inspection of streetlights

SARATOGA CEMETERY DISTRICT (SCD)

The following are recommendations that SCD should implement in order to improve the accountability and transparency of the District:

1. Website

- a. Include District's comprehensive policies and administrative regulations

2. Policies

- a. Adopt a reserve fund policy

3. Operational Practices

- a. Conduct a rate study, taking into consideration long-term capital improvement needs
- b. Conduct formal review of adequacy of the endowment care fund and adopt appropriate fees based on review

SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT (SSCVMD)

The Service Review Report includes recommendations that SSCVMD should implement in order to improve the accountability and transparency of the District and prioritizes and identifies a specific time-frame for implementing each recommendation.

Given the many deficiencies identified in the Service Review Report and the lack of responses from the District to previous Civil Grand Jury reports and recommendations, LAFCO requested that staff provide information on how the current Board members of SSCVMD may be removed in order to install new Board members that may be more willing to implement the recommendations of the Service Review Report. Attached is a memo (Attachment E) from LAFCO Legal Counsel in response to the Commission's inquiry.

Since the release of the Service Review Report, the District appears to have begun to take some initial steps to implement the recommendations of the Report. As indicated in the letter (Attachment B) from Kirsten Powell, Attorney, SSCVMD, and more recent communications, the District has:

- Hired an attorney (Kirsten Powell of Powell & Logan)
- Amended District's bylaws
- Appointed a new Board President and Secretary to serve a one-year term
- Created an ad hoc committee to address the issues raised in the LAFCO report
- Trained Board members on the legal requirements of the Brown Act and conflicts of interest
- Created an ad hoc committee to hire an executive director. The committee is preparing an RFP for the position which the Board will consider at its June 17th meeting.

Given the progress that the District is making, LAFCO staff is recommending that the SSCVMD be given the opportunity to continue to make the necessary improvements (see Table 1 on Pages 10 and 11 of this staff report) and be directed to provide a progress report to LAFCO in 3 months and again in 12 months, at which time, LAFCO will reevaluate the District and its SOI and determine whether sufficient improvement has been made and if further action is necessary.

TABLE 1: RECOMMENDATIONS FOR THE SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT (SSCVMD)

	FOR IMMEDIATE ACTION (Within 1 to 3 Months)		TO BE COMPLETED WITHIN 12 MONTHS	
	Action	Status	Action	Status
1. Operational Practices	a. Hire legal counsel to ensure legal requirements are met regarding operations accountability and board actions	Completed 4/17/13	k. Conduct a documentable bidding process for any future capital improvements through advertisements in printed press, online proposal search engines, and on District website	
	b. Conduct required ethics training		l. Conduct rate study to ensure rates are appropriate	
	c. Conduct annual Brown Act training for Board Members	Completed 5/13/13	m. Establish similar rates for veterans and residents alike	
	d. Hire a general manager to implement improvements			
	e. Edit and adopt appropriate bylaws based on guidance from legal counsel	Completed 5/13/13		
	f. Define in bylaws how Board President and Secretary are to be selected and the term of the appointment	Completed 5/13/13		
	g. Appoint both a board president and a secretary from among the Board members	Completed 5/13/13		
	h. Eliminate conflicts of interest between Board positions and Bar Council and Bingo Committee positions			
	i. Adopt a detailed budget before start of the fiscal year			
	j. Resume receiving rent from bar to limit liabilities			

	FOR IMMEDIATE ACTION (Within 1 to 3 Months)		TO BE COMPLETED WITHIN 12 MONTHS	
	Action	Status	Action	Status
2. Website	a. Establish a website and publish Board’s agendas and minutes, the annual financial transaction reports, and the annual operating budget		c. Use website to conduct outreach to veterans, as well as residents of the District, regarding services and upcoming board vacancies	
	b. Include information on Board members and terms			
3. Financial Records & Audits	a. Work with County to conduct a forensic audit of District			
	b. Switch from 5-year audits to annual audits			
	c. Ensure consistency and clarity of financial documents			
	d. File a copy of annual budget with County Auditor, as legally required			
4. Elections	a. Ensure Board positions are properly filled through the election process or appointment by Board of Supervisors with clearly defined term expiration dates for each Board Member		b. Make information available at other veteran service locations and related events regarding services and upcoming board vacancies	
5. Plans/ Programs/ Policies	a. Adopt a policy to designate the purpose of the reserve funds		d. Adopt a multi-year capital improvement program	
	b. District and County should formalize in a set of policies the procedures for announcing Board openings, interviewing candidates, and appointing new Board members		e. Develop and implement plans to enhance utilization of memorial hall by veterans organizations	
	c. Adopt a records retention policy			

RECOMMENDATIONS FOR THE COUNTY OF SANTA CLARA

The County should consider implementing the following recommendations in order to facilitate transparency and public accountability of special districts located within the county:

1. Work with SSCVMD to Conduct a Forensic Audit of the District

The Service Review Report recommends that the County work with SSCVMD to conduct a forensic audit of the District in order to examine the District's transactions and finances and verify them to source documents and in order to establish a financial base-line for the District.

2. Change SSCVMD's Required Audit Cycle from Every 5 Years to Annually

Given the lack of records to substantiate that a five-year audit schedule was approved by the County Board of Supervisors for the SSCVMD and given concerns regarding SSCVMD's financial transparency, the County should require the District to submit annual audits.

3. Develop Written Policies and Procedures in order to Clarify the Appointment Process for Special District Board Members

The County Board of Supervisors appoints special district board members under three different circumstances: (1) The board of directors for certain special districts are appointed by the Board of Supervisors rather than elected, as allowed under the districts' enabling legislation (2) District board members are appointed by the Board of Supervisors when an election is uncontested (i.e. fewer or same number of candidates as positions), and (3) District board members are appointed by the Board of Supervisors when there is a mid-term vacancy on a district board.

There are no written policies or standardized procedures on how special district board openings are to be announced, how long the application period should be open, and the manner for interviews, the role of the district in nominating candidates, etc. Additionally, upon appointment by the Board of Supervisors, it is unclear where the responsibility lies regarding reporting the Board of Supervisor's decision back to the Registrar of Voters. The Service Review Report recommends that the County Clerk of the Board and the County Registrar of Voters improve this process in order to ensure that all interested parties can readily identify the existing governing body of each special district and the respective term expiration dates. The County should develop a clear set of written policies outlining the process and clarifying the responsibilities (of the various County departments and of the districts) in appointing special district board members under each of these circumstances.

4. Encourage Special Districts to Submit their Adopted Annual Budgets to the County Auditor

California Government Code §53901 requires local agencies to file a copy of their adopted annual budget with the county auditor, unless exempted by the county auditor. However, the Service Review Report noted that not all special districts (e.g. RRRPD and SSCVMD) had filed a copy of their annual budget with the County Auditor, as legally required. The County should implement measures to encourage greater compliance, such as noticing all special districts of this requirement and contacting districts that are non-responsive.

NEXT STEPS

LAFCO staff will be available to meet individually with affected districts and the County to discuss the recommendations of the Service Review Report.

Staff will update LAFCO on each agency's response, monitor their implementation efforts, and seek further direction from the Commission, as necessary.

ATTACHMENTS

Attachment A: Notice of Availability for the Revised Draft Report dated April 18, 2013/Notice of the June 5, 2013 LAFCO Public Hearing

Attachment B: Comment letters received as of May 28, 2013 on the Service Review Report

Attachment C: Responses to comments received as of May 28, 2013

Attachment D: Redlined Version of Revised Chapter 1. Rancho Rinconada Recreation and Park District addressing comments received from District on May 15, 2013

Attachment E: Memo from Mala Subramanian, LAFCO Legal Counsel, dated May 1, 2013, regarding Removal of Memorial District Directors

Note: The redlined version of the Special Districts Service Review: Phase 1 Revised Public Review Report dated April 18, 2013 is available on the LAFCO website (www.santaclara.lafco.ca.gov). Please see Attachments C and D for information on further revisions of the Draft Service Review Report.

DATE: April 23, 2013
TO: Special District Board Members and Managers
City Managers and County Executive
City Council Members and County Board of Supervisors
LAFCO Members
Interested Parties
FROM: Neelima Palacherla, Executive Officer
SUBJECT: **LAFCO's SPECIAL DISTRICTS SERVICE REVIEW REVISED DRAFT REPORT: PHASE 1**
Notice of Availability and Public Hearing

The Special Districts Service Review Revised Draft Report (with tracked changes) is now available for public review and comment on the LAFCO website at www.santaclara.lafco.ca.gov. The Report reviews six special districts, specifically the Rancho Rinconada Recreation and Park District, the Santa Clara County Vector Control District, the Santa Clara Valley Transportation Authority, the Saratoga Cemetery District, the South Santa Clara Valley Memorial District, and the Santa Clara County Lighting Services Area. The Report includes a service review and sphere of influence update for each of these agencies and recommends actions to promote efficient service delivery, and improvement in the transparency, accountability and governance of these districts.

LAFCO will hold a Public Hearing to accept comments and consider adoption of the Special Districts Service Review Revised Draft Report.

LAFCO Public Hearing: June 5, 2013
Time: 1:15 P.M. or soon thereafter
Location: Board Meeting Chambers
70 W. Hedding Street, San Jose, CA 95110

You may provide written comments on the Revised Draft Report by mail to: LAFCO of Santa Clara County, 70 West Hedding Street, 11th Floor, East Wing, San Jose, CA 95110 **OR** you may email your comments to: dunia.noel@ceo.sccgov.org.

Written comments received by May 15th will be included and addressed in the staff report that will be provided to the LAFCO Commission in advance of the June 5, 2013 Public Hearing. Written comments received after May 15th will be provided to the LAFCO Commission at the June 5, 2013 Public Hearing and addressed at that time.

Please contact Dunia Noel, LAFCO Analyst, at (408) 299-5148 if you have any questions or concerns. Thank you.

From: doug.muirhead@alumni.stanford.edu on behalf of [D. Muirhead](#)
To: [Noel, Dunia](#)
Subject: LAFCO meeting April 3, 2013 ITEM # 5 Phase 1 Service Reviews
Date: Monday, April 01, 2013 9:58:28 AM

LAFCO meeting April 3, 2013
AGENDA ITEM # 5 Phase 1 Service Reviews

Comments for the Public Record submitted by Doug Muirhead, a resident of Morgan Hill. Sent to dunia.noel@ceo.sccgov.org.

Dear Local Agency Formation Commission of Santa Clara County,

I enjoyed reading the Phase 1 Service Reviews. I learned about a whole new area of responsibility (Santa Clara County Lighting Service Area) for County Roads and Airports.

As a user of VTA and an observer at their TAC and BPAC Advisory Committees, I felt they were fairly portrayed.

One correction to Infrastructure Needs: Caltrain electrification is from San Francisco (not Palo Alto) to Tamien (not Gilroy), since the tracks between Tamien and Gilroy are owned by Union Pacific Railroad.

One comment on Capacity as noted in Demand for Services and Service Review Determinations: the minimum standard of 15 boardings per hour (a performance standard which all routes met) works against service in the smaller cities of South County. This will be of increasing concern as our populations age.

For all of the reviews, I would have liked to see the amount of staff time each agency spent providing the information requested by LAFCO.

I am not as happy with the actual review process. Given the problems, delays, and changes, what are the lessons learned? How is the institutional knowledge gained in this cycle being preserved for next round of staff and consultants? A different consultant was used for the Service Reviews in 2006. Phase 2 has already commenced (with the second consultant used in Phase 1?), with districts expected to completely respond by April 15.

I would like to suggest that more information about the review process be made available during the process. Problems, delays, and personnel changes incur costs and time for LAFCO and districts' staff and, because of the lack of predictability, introduce uncertainty in the planning for the other activities of the districts (e.g. service review versus anniversary celebrations in the case of the open space districts).

The role of TAC is ill-defined, especially when compared with the operation of VTA TAC and RWRC TAC (bylaws, public meetings, published minutes). The LAFCO TAC appears to have participated in the original consultant selection but not in the decision to terminate the first consultant nor in the selection of the next consultant. The three respondents to the RFP were not identified nor was the scoring of the respondents. How was the second consultant selected, given that the first selection failed to deliver results? The staff report states that there were two TAC meetings; only one was identified in any of the reports to the Commission.

The Commission authorized LAFCO staff to enter into a service agreement with the first selected firm. That contract was not released to the public by default, but was made available to me on request, as was the Notice of Termination, which I did not know of. The contract required a 30-day notice

if termination was without cause. The day before the Notice of Termination was issued on February 12, 2013, LAFCO staff and the consultant agreed mutually to waive the 30-day requirement. I did not find this option in the contract. No explanation of the termination was given.

While delays and additional staff time were reported in the Executive Officer's Reports to the Commission on December 12, 2012 and February 6, 2013, no hint was given that the consultant chosen by staff and the Technical Advisory Committee in August would be replaced. The change (without explanation) was announced to the Santa Clara County Special Districts Association on March 4, 2013. Contrary to the statement in the staff report that there was "no additional burden to the special districts", one of the districts present commented on having to take time to repeat answers that they had already given to the first consultant. The cover page of the Phase 1 public review draft says the review was prepared by Policy Consulting Associates, LLC. The Credits do not mention any other consulting organization.
Local Agency Formation Commission of Santa Clara County

Thank you for your consideration,
Doug Muirhead, Morgan Hill

Timeline details:

=====

On May 30, 2012, you accepted staff recommendation to Delegate authority to the LAFCO Executive Officer to enter into an agreement with the most qualified consultant
LAFCO will establish a Technical Advisory Committee (TAC) consisting of
* One LAFCO Commissioner
* One representative from the Santa Clara County Special Districts' Association
The TAC will participate on the consultant interview/selection committee.

On June 4, 2012, LAFCO released a Request for Proposals (RFP).

On August 1, 2012, you heard that LAFCO received three proposals and that
On July 31, 2012, a consultant selection committee would interview the three firms and select the most qualified firm.

December 12, 2012

Delays and additional staff time were reported in the Executive Officer's Report to the Commission

In August, LAFCO retained Matrix Consulting Group; firm was selected through an RFP and interview process. The Technical Advisory Committee (TAC), including Commissioner Abe-Koga and representative from Special Districts Association, participated in the consultant selection process.

February 6, 2013

Delays and additional staff time were reported in the Executive Officer's Report to the Commission

Appoint an additional commissioner to serve on the Technical Advisory Committee.

The next TAC meeting will likely occur in February.

Notice of Termination February 12, 2013

The Notice does not say if the termination was Without Cause or For Cause.

The termination was effective immediately.

The Notice does not say the 30-day requirement was waived.

The Notice does not say the meeting referenced in the Notice was between the consultant and LAFCO staff and without TAC.

March 4, 2013

The Executive Officer's Reports to the Commission on December 12, 2012 and February 6, 2013 gave no hint that the consultant chosen by staff and the Technical Advisory Committee in August would be replaced. The change (without explanation) was announced to the Santa Clara County Special Districts Association on March 4, 2013.

The cover page of the Phase 1 public review draft says the review was prepared by Policy Consulting Associates, LLC. The Credits do not mention any other consulting organization.

From: Noel, Dunia
To: [Jennifer Stephenson \(jennifer@pcateam.com\)](mailto:Jennifer.Stephenson@pcateam.com)
Subject: FW: Service Review for Saratoga Cemetery District
Date: Wednesday, April 17, 2013 10:27:00 AM
Attachments: [AR102.doc](#)

Please see actual comment email below.

From: Saratoga Cemetery District [mailto:saratogacemetery@sbcglobal.net]
Sent: Thursday, April 11, 2013 3:54 PM
To: Noel, Dunia
Subject: Service Review for Saratoga Cemetery District

Hi Dunia,

I caught a few mistakes in the service review that I want to bring to your attention.

Page 2 of the report (page 83 on the comprehensive LAFCO review on the website) under Boundaries. The way the paragraph is worded it sounds like all of lines 2 and 3 are exceptions excluded from the District boundaries which is not the case. Additionally, and I have made this point several times only to have it ignored, until 1987 the district's boundaries were coterminous with the boundaries of the Saratoga Union School District. In 1987 the District initiated a LAFCO expansion to include all of the City of Saratoga and the City of Monte Sereno. In the description of the District boundaries the Saratoga Union School District is not mentioned, instead it lists unincorporated areas west of the cities - I would offer that these are part of the Saratoga Union School District and should be listed as such. The report also excepts two small areas northwest of Prospect Road that appear to be part of the City of Saratoga. Since the District boundaries include all of the City of Saratoga, and since a resident from those areas (being a resident of Saratoga) would be eligible for interment at Madronia Cemetery, why are these areas excluded? Since the City of Saratoga is within the boundaries of the Cemetery District, any areas annexed to the City should also be annexed to the Cemetery District.

Page 6 (page 87 on the website), lists the location of the monthly Board meeting "at the District's office." On page 5 (page 86) it correctly lists the location as "Faculty Lounge, Oak Street School..." At the bottom of page 6, Figure 4-3, one of the authorized positions is Administrative Assistant. That position no longer exists, it has been superseded by the Office Manager position. It also states that the District has three full-time employees but the Assistant Manager and Officer Manager are both part-time positions. Again, on page 6, paragraph 2, last line states that the District does not have a policy on expense reimbursements. The District does have a policy in the form of Administrative Regulation 102 which I have attached.

Page 10 (page 91 on the website), third paragraph under Rates. It states that a non-resident fee applies to anyone who is eligible for burial but was not a resident or taxpayer of the District at the time of purchase. The non-resident fee is an interment fee not a burial rights fee - it should read "was not a resident of taxpayer of the District at the time of death."

That is all I have. Thank you.

Best regards,
Gary T.S. Reed
General Manager

Saratoga Cemetery District
Madronia Cemetery
14766 Oak Street
Saratoga CA 95070
408-867-3717
408-867-3818 Fax
www.madroniacemetery.com

REIMBURSEMENT POLICY

The District will reimburse Trustees and management for expenses incurred in the course of conducting District business. Reimbursement will include expenses for attending seminars and conferences and state mandated training.

- a) Registration fees for conferences and seminars will be fully reimbursed by the District.
- b) Mileage for travel to and from conferences and seminars, and other District related business will be paid at the current rate as set forth in Internal Revenue Service Publication 15.
- c) Lodging for conferences and seminars will be reimbursed at the group rate negotiated by the conference sponsor or standard room rate if negotiated rates are not available.
- d) Meals that are offered as part of the conference or seminar package will be reimbursed by the district. If meals are not included, reasonable meal expenses will be reimbursed.

From: [Rancho Rinconada](#)
To: [Noel, Dunia](#)
Cc: [Jennifer Stephenson](#)
Subject: 2013 LAFCO Special Districts Service Review: Rancho Rinconada Recreation and Park District
Date: Wednesday, May 15, 2013 4:27:05 PM

Dear Neelima Palacherla and Members of Santa Clara County LAFCO

I am writing in regards to the most recent Special District Service Review for Rancho Rinconada Recreation & Park District. I was recently selected to be Rancho's District Manager after serving for many years as Aquatics Director. In this capacity, I have a very good understanding of the facility, its constituents, and the surrounding community.

The latest service review effectively offers 3 governance structure options for Rancho Rinconada: continue as a special district, merge with the city, or become a subsidiary district of the city. However, the best option is not even listed—continue as a special district and form a partnership with the city.

The primary concerns of the report for remaining as a special district are twofold: a lack of written policies and plans and a fragmentation of recreation providers in Cupertino. We are aware of the deficiency in our written documentation and have responded by performing a full review of our practices starting in 2011. The second concern would be best addressed through a partnership as opposed to being merged. Cupertino Parks & Recreation currently does not have the District in their general recreation plan and their written policy is to “encourage the continued existence and profitability of private open space and recreation facilities.” The department is also currently working on other projects and would not be able available to take over the district. Instead, a partnership allows the city to plan and deliver year-round aquatic services to Cupertino residents without building a new pool or going through the not-insignificant work involved in a merger.

I am recommending that Rancho Rinconada remain as a special district with the understanding that the District will reach out to the City of Cupertino. Continuing as a special district will provide excellent and uninterrupted aquatic programs, while partnering with the city will eliminate the fragmentation of planning and services.

I have also included some statements which I would recommend changing because they are misleading in one way or another.

Disadvantages column of figure 1-10 (single provider advantage)

The disadvantages of merging with the city are covered in figure 1-10 and the advantages are based on the assumption that a single provider would lead to better, easier, and more efficient planning and delivery of recreation services in Cupertino. Unfortunately this advantage is based on the assumption that funding will be the same as historic levels. If funding is not secured or is only partially secured there would be a net reduction in services either at Rancho or citywide as a result. It is misleading to list advantages which are not certain. The wording should be changed to reflect this uncertainty.

Disadvantages column of figure 1-9 (double tax)

Figure 1-9 lists a double tax for recreation as a disadvantage. The wording on this is misleading in that it implies that residents are taxed more than others. Rancho resident's property tax is simply portioned off differently. The wording on this should be changed to reflect that there is not two times the tax for residents. Also, if this supposed "double tax" is a disadvantage than it should also be listed as a disadvantage in table 1-11. It would be more internally consistent to either list the disadvantage in both areas or to drop it entirely.

Disadvantages column of figure 1-9 (limited services)

Figure 1-9 also states that "the district's recreation services could continue to be limited compared to those offered by Cupertino or other areas of the city" as a disadvantage of continuing as a special district. This statement is misleading readers into thinking that the district would somehow obtain a greater amount of services by merging with the city or that we are limited currently. This idea is factually incorrect. The District offers different and significantly more aquatic services that stress the limits of the District's property, and seasonal & daylight. Merging with the city would not change this. This disadvantage should be either removed or restated.

I appreciate the opportunity to respond to the LAFCO service review and will be working diligently to correct our written planning and policy deficiencies.

Sincerely,

Kevin Davis | District Manager
Rancho Rinconada Recreation & Park District
18000 Chelmsford Dr.
Cupertino CA 95014
Phone (408) 252-8429
Fax (408) 252-7559
Email contact@ranchoreccenter.com
Web www.ranchoreccenter.com

May 14, 2013

Honorable Mike Wasserman
Chairperson, LAFCO of Santa Clara County
70 West Hedding Street
11th Floor, East Wing
San Jose, CA 95110

**RE: 2013 LAFCO Special Districts Service Review: Rancho Rinconada
Recreation and Park District**

Dear Chairman Wasserman and Members of the LAFCO of Santa Clara County:

The Rancho Rinconada Recreation and Park District reviewed the 2013 LAFCO Special Districts Service Review Report at its meeting on May 14, 2013 and approved this letter in response to the report's findings and recommendations affecting the Rancho Rinconada Recreation and Park District.

ACCOUNTABILITY AND GOVERNANCE (page 17-27)

For the past ten years, board members have run unopposed. As the four-year term of an incumbent board member expires, existing members have been re-appointed by the Board of Supervisors in lieu of election. This reflects a lack of candidate and resident interest in the District's activities and governance, perhaps due to a lack of outreach to area residents (2013 LAFCO Special Districts Service Review, page 17)

Response:

It should be noted that the demographic of the district has changed considerably over the past 20 years, from low-income working class housing tracks in 1955, to a majority of multimillion dollar redeveloped homes. In 2000, few of the original homes had been redeveloped. The district's demographic has also dramatically changed. Since many residents now are first-generation immigrants, culturally, this has been a huge barrier to resident interest in the district's governance while services provided by the district continues to be popular.

After a board member retired in 2005, the board did a thorough job of advertising the position, interviewed several candidates, requested letters of intent, and voted to appoint the most appropriate applicant.

The appointment of our newest board member in 2010 occurred after he filed for the position with the Registrar of Voters and the incumbent board member failed to file for re-election.

Many well-established governing board members throughout Santa Clara County have been re-elected without opposition, including members of the Santa Clara County Board of Supervisors, Community College Boards, City Councils, School Districts, and Special Districts. Does that fact reflect a lack of candidate and resident interest in those District's activities and governance?

The Rancho Rinconada Board of Directors has always found that outreach to area residents is crucial to the success of the district and has been working closely with the district's administration since 2010 to increase and revise our current outreach to area residents.

The district must establish a written policy on reimbursements; The District's annual financial reports and annual budgets are not available on its website (2013 LAFCO Special Districts Service Review, page 18); The District has not adopted a mission statement, goals, objectives, long-range plans or performance measures. However, the District has adopted bylaws, which includes a statement of the district's purpose, which is to provide leisure activities by the development and delivery of supervised recreation programs, construction and maintenance of recreation and park facilities, and cooperation with other agencies in the area that provide like services or can assist in providing said services (2013 LAFCO Special Districts Service Review, page 19); The County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County (2013 LAFCO Special Districts Service Review, page 20); It is recommended that the District conduct a rate study to ensure that rates are sufficient to cover operations and capital needs and appropriate compared to those rates charged by other service providers (2013 LAFCO Special Districts Service Review, page 24); The District has not developed or adopted a written capital improvement program (2013 LAFCO Special Districts Service Review, page 24); The District does not have a formal policy regarding the level of reserves to be maintained at any given time, however, given the district aims to maintain its balance as high as possible (2013 LAFCO Special Districts Service Review, page 24); It is recommended that the District clearly define and designate its reserves for contingencies and capital needs separate from its operating cash balance (2013 LAFCO Special Districts Service Review, page 25); Long-term business planning for the delivery of services by the District, including conducting a recreation needs assessment, developing a business plan, and developing a mission statement, goals, objectives, and performance measures (2013 LAFCO Special Districts Service Review, page 27); Given the capacity limitations of the facility, and the need for the District to more efficiently make use of the space available, the District should conduct thorough

tracking of the pool, during public swim, lap swimming, lessons, and swim team (2013 LAFCO Special Districts Service Review, page 27).

Response:

The Rancho Rinconada Recreation and Park District Board of Directors has always understood the importance of full transparency and accountability in the operations of the district and have worked to fully review and implement improvements to the district's transparency and accountability, and review and implement improvements to the long-term planning operations of the district. Most of the recommendations outlined in the 2013 LAFCO Special Districts Service Review help the district achieve that goal. The Board of Directors appreciates the recommendations outlined in the Service Review to include these transparency and accountability measures and is committed to implementing them.

Since January 2011, the Board of Directors has been working diligently to update, revise, and create Board Policies and bylaw changes that are outdated and/or missing. This has been a priority for the district and the Board of Directors, and should be finished by the end of this year. The recommendations outlined in the 2013 LAFCO Special Districts Service Review for the creation of missing or outdated Board Policies will be included in this project.

The Board of Directors governs the District, while a part-time office manager oversees the day-to-day operations. All district employees are part-time or seasonal, work less than 2,080 hours per year, and do not receive any benefits (2013 LAFCO Special Districts Service Review, page 19).

Response:

This statement is factually incorrect. While in the past, the district office manager worked part-time, this was never the intent of the Board Directors, and is no longer the case. The District's Assistant Office Manager frequently worked overtime hours year-round. The Board of Directors made significant changes to the administration in 2012, with the intent that the new District Manager would be a full time position and work to implement a new vision and reforms sought by the Board of Directors. The changes that have already been made, due to these changes, have been significant and noticeable to the Board of Directors, district staff, and the community we serve.

GOVERNANCE STRUCTURE OPTIONS (pgs. 27-31)

The duplication in services delivered within the boundaries of Cupertino creates inherent inefficiencies and fragmented service delivery and impedes long-term planning for the delivery of recreation services to the residents of Cupertino (2013 LAFCO Special Districts Service Review, page 27).

This statement makes a general claim that:

1. There is duplication in services delivered within the boundaries of Cupertino.
2. This duplication creates inherent inefficiencies and fragmented service delivery.
3. This duplication impedes long-term planning for the delivery of recreation services to the residents of Cupertino.

The Rancho Rinconada Recreation and Park District Board of Directors finds this statement to be baseless and without supporting facts. Unless LAFCO completely dissolves the district (one of the oldest recreational facilities in the area) without any successor agency and/or the City of Cupertino moves to shut down the facility in exchange to building a housing or commercial project in its place, the “duplication” of services as argued in this report will continue to exist, however the Board of Directors feels that the duplication of service claim is inaccurate.

Cupertino High School’s pool operates general swim at highly restricted hours during the months of July and August, and holds limited swim lessons at a higher cost. The Rancho Rinconada Recreation and Park District operates year round which is not the case with Cupertino’s Blackberry Farm or Cupertino High School’s pool. Cupertino High School’s pool is open to all residents at the same fee cost, and pulls from the entire city. It does not have a grassy play area for children, and lacks snack facilities. Unlike the District, it focuses exclusively on aquatics. It should be noted that Cupertino High School’s pool is highly unsuitable for teaching young children to swim. The shallow end starts at 3.5 feet and immediately drops to 4.5 feet. Public swim for toddlers is also difficult at this pool depth. During the seasonal times that Cupertino’s Blackberry Farm is open, residents on the east side of Cupertino do not have convenient access to Blackberry Farm’s pool facilities, nor have quite the level of services provided to them that Rancho Rinconada currently provides. Whether or not the district is merged with the City of Cupertino or not, the Rancho Rinconada Board of Directors does not agree that there is any sort of duplication of services for residents of Rancho Rinconada or city residents.

While the boundaries of the Rancho Rinconada Recreation and Park District tax base are entirely within the City of Cupertino (since the area was annexed to the City in 1999 after nearly fifty years as unincorporated county pocket), the location of the district is on the south east corner border of the City of Cupertino, and also shares a border with the City of San Jose. The district also serves the recreational needs of residents of surrounding cities.

ADVANTAGES AND DISADVANTAGES OF CONTINUING AS A SPECIAL DISTRICT

The Rancho Rinconada Recreation and Park District Board of Directors agrees with the Advantages outlined in the Service Review Figure 1-9 (pg. 28), as it relates to keeping Rancho Rinconada Recreation and Park District as a Special District, however, the Board of Directors wants to respond to the Disadvantages outlined in Figure 1-9.

The District could potentially revert to old practices over time.

The District understands, as with any other public agency, that the potential to revert to old practices over time is a concern, however this concern is one that is shared with any governing board throughout Santa Clara County. It is the absolute responsibility of the Board of Directors to ensure the continued improvement of the District and the current Board of Directors for the Rancho Rinconada Recreation and Park District is committed to ensuring that this doesn't happen.

RRRPD lacks full-time staff, which inhibits the ability of the District to conduct the recommended plans and efforts listed here.

As stated earlier, changes in the administration of Rancho Rinconada and changes in the responsibilities of the District Manager and Assistant District Manager requires full-time employment. Staffing levels are adequate to meet the recommended plans and efforts outlined by this report.

The District's recreation services could continue to be limited compared to those offered by Cupertino in other areas of the City.

Unless the facility is expanded, the facility will have similarly limited services even if the district is transferred to the City of Cupertino. The Rancho Rinconada Recreation and Park District has proven that the district provides significantly more, and significantly different services than what the City of Cupertino currently provides its residents in other City-controlled recreational facilities.

Residents of the District would continue to be double taxed for recreation services by the City and RRRPD.

There are two options outlined by the report, in terms of what would happen to the tax revenue currently provided to the Rancho Rinconada Recreation and Park District. Either, the City of Cupertino (if LAFCO chooses to merge the district with the City) could negotiate with the County to continue receiving the tax revenue thereby continuing to double tax Rancho Rinconada residents for the services, or the City of Cupertino would forego the added revenues, which will impact negatively all other recreational services the City currently provides.

ADVANTAGES AND DISADVANTAGES OF A MERGER WITH THE CITY OF CUPERTINO, OR ESTABLISHING A SUBSIDIARY DISTRICT

The Rancho Rinconada Recreation and Park District Board of Directors agrees with the Disadvantages outlined in the Service Review Figure 1-10 and Figure 1-11 (pg. 29 & 30), as it related to merging the district with the City of Cupertino or establishing the City of Cupertino as a Subsidiary District, however the Board of Directors wants to respond to the Advantages outlined in Figure 1-10 and Figure 1-11.

The fragmentation in service delivery of recreation services in Cupertino would be eliminated by a single entity providing services.

The Rancho Rinconada Board of Directors does not agree, or understand, how there is currently any fragmentation in service delivery of recreation services in Cupertino. In order to understand whether any cost saving measures or efficiencies would occur, the Rancho Rinconada Recreation and Park District agrees that a more thorough study into this statement is warranted. With the larger bureaucracy of City government and the City's Parks and Recreation Department, the Rancho Rinconada Recreation and Park District Board postulates that the merging of the district with the City would have the opposite affect, potentially creating higher costs for professional staff, delivery of services, and higher costs to residents.

Long-term planning for the delivery of recreation services to the residents of Cupertino would be enhanced.

The Rancho Rinconada Recreation and Park District Board does not agree that recreation services to the residents of Cupertino would be enhanced by transferring the District from the current Board of Directors to the City Council. The Board concludes that the transfer of services to the City of Cupertino would have a negative impact on the services delivered at district facilities.

The management of recreation service delivery to the residents of the District would be enhanced with the substantive management and supervisory structure of the City's Parks and Recreation Department.

Additional management layers will raise the cost of delivery of services and increase costs of participation by area residents. District services are currently well managed by the professional staff currently hired by the District. This would be an unnecessary addition of a level of governance, and local residents would no longer be able to directly influence operations of the district through local representation.

Enhanced efficiencies by eliminating an additional level of government.

The Rancho Rinconada Board does not agree that merging the district with the city will enhance efficiencies by eliminating an additional level of government. The Board maintains that the opposite will occur, as two levels of government, the Parks and Recreation Commission and the City Council, will end up serving the district. The Board agrees that further studies should be conducted before making a decision based on this argument.

Also, there is no evidence how eliminating a localized governing Board of Directors in exchange for that of the Cupertino City Council would enhance any efficiencies. It would eliminate the \$400 a month in Director stipends, however the City Council has multiple responsibilities besides running this district facility. Time and attention to the current operation of the district by the current governing board would be eliminated by the demands of the City Council, and Parks and Recreation Department, who have to spend time elsewhere.

Enhanced ease of use for constituents, with a single provider of services

The Rancho Rinconada Board does not agree that transferring the district facility from a local board of directors to a large city bureaucracy will enhance ease of use for constituents, nor will it be easier for area residents to be involved in voicing their concerns regarding services at the district facility.

If LAFCO decides to continue to allow the Rancho Rinconada Recreation and Park District to remain as a local special district, the Board of Directors will address the concerns outlined in the Service Review to the extent possible, and report back to LAFCO on the progress made.

We appreciate this opportunity to respond to the findings and recommendations outlined in the 2013 LAFCO Special Districts Service Review, and your interest in ensuring transparency, accountability, and efficiency in how this District is governed.

Sincerely,



Miriam Salo, President
Rancho Rinconada Recreation and Park District

18000 Chelmsford Drive •Cupertino, CA 95014•(408) 252-8429•(408) 252-7559 Fax

www.ranchoreccenter.com

Directors: Jordan Eldridge, Julie Jarvis, Miriam Salo, Sandra Yeaton, Steve Wesolowski
District Manager: Kevin Davis



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May 15, 2013

LAFCO of Santa Clara County
70 West Hedding Street
11th Floor, East Wing
San Jose, CA 95110

RE: South Santa Clara Valley Memorial District

Dear Honorable Chairperson Wasserman and Board Members:

The South Santa Clara Valley Memorial District (the "District") offers a vital resource to the veterans of Santa Clara County and beyond. It offers social programs for veterans and opens its facilities to veterans groups on a weekly basis. The District is charged with maintaining the Veterans Hall located in the City of Gilroy. It has done so for over 65 years. Therefore, the District takes the claims and recommendations in the Special District Service Review Report (the "Report") very seriously.

The current Board has reviewed the Report and is committed to addressing the areas of concern raised in the report. In fact, the Board has already begun making changes to its operations as recommended in the report.

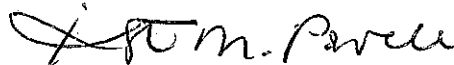
On April 17, 2013, the Board hired this firm to assist it in complying with State law and addressing the issues in the report. This firm has served as a City Attorney or an Assistant City Attorney in Santa Clara and Santa Cruz Counties for over 20 years and has extensive experience with public agency obligations and operations. Since this firm was hired, there has been one special board meeting on May 13, 2013. A copy of the agenda of that meeting, which was posted at the Veterans Hall 72 hours prior to the meeting, is attached hereto as Exhibit A. During that meeting, the Board adopted amended bylaws which eliminated the areas of concern raised in the report. A copy of the amended bylaws is attached hereto as Exhibit B. The Board also appointed a new President and Secretary to serve a term of one year. Finally, at that meeting, the Board was trained on the legal requirements of the Brown Act and conflicts of interest. A copy of all meeting materials was provided to each Board member prior to the meeting and was available for any member of the public requesting such documents.

On May 20, 2013, the Board will hold another meeting. The Board is scheduled to discuss the process for hiring an executive director. The Board will also discuss the possibility to using staff from the City of Gilroy to assist with administrative tasks and to utilize the City Council chambers for Board meetings. The Board will discuss establishing a public information officer position for the District and appoint a Vice President to act in the absence of the President.

Over the next several months, the Board will execute service contracts with any firms/individuals providing services to the District. The Board will adopt its annual budget as well as a long term financial plan for the maintenance and operation of the Hall. The Board will also investigate the possibility of establishing a website. Although there have been no requests for reimbursements by Board members, the Board will adopt a reimbursement policy. The Board will consider a rate review of the rates charged for similar facilities.

As the Board has begun to demonstrate by the actions taken since the Report was released, the Board is committed to taking the necessary steps to ensure that the District complies with all applicable laws, while performing the duties required by the Military and Veterans Code. All Board members are veterans who understand the importance of maintaining a facility for the veterans in the area. The Board has retained legal counsel and will begin the process of hiring an executive director. Having these professionals available will assist the Board in so complying. Therefore, the Board respectfully requests that it be given the opportunity to continue improving the operations of the District in order to maintain this important asset in the community.

Very truly yours,



Kirsten M. Powell

EXHIBIT A

SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT

Board Members

**John Ceballos
Phil Garcia
Nicolas Marquez
Gabriel Perez
Ray Sanchez**

AGENDA SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT

**May 13, 2013
Veterans Memorial Building
74 West 6th Street
Gilroy, CA
10:00 a.m.**

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT TIME

(This is the opportunity for individuals to make and/or submit written or oral comments to the Board on any items within the purview of the Board, which are **NOT** part of the Agenda. No action on the item may be taken, but the Board may request the matter be placed on a future agenda.)

CONSENT CALENDAR

(The Consent Agenda is comprised of items which appear to be non-controversial. Persons wishing to speak on any item may do so by raising their hand to be recognized by the President.)

REGULAR AGENDA ITEMS

1. Approve Bylaws
2. Appoint President and Secretary of the Board
3. Update on LAFCO Service Review
4. Create Ad Hoc Committee for LAFCO Service Review
5. Study Session- Requirement of the Ralph M. Brown Act and Conflicts of Interest

6. Future Agenda Items

ADJOURNMENT

EXHIBIT B

**BYLAWS OF THE BOARD OF DIRECTORS OF THE SOUTH SANTA CLARA
VALLEY MEMORIAL DISTRICT**

ARTICLE I-BOARD OF DIRECTORS

Section 1. Name of Authority.

The official name shall be the "Board of Directors of the South Santa Clara Valley Memorial District" (the "Board").

Section 2. Purpose and Powers.

The Board shall be vested with all the rights, powers, duties, privileges and immunities established by the California Military & Veterans Code Sections 1170 et al.

Section 3. Place of Business.

The office and regular place of business of the Board shall be at the Veterans Memorial Hall at 74 West 6th Street, Gilroy, California. The Board may hold its meetings at this location or at such other locations as the Board may from time to time designate in its notice of any meeting.

ARTICLE II- OFFICERS

Section 1. Officers and Officials.

The Board shall be composed of five (5) board members. The members shall elect one of their members as the president and select one of their members as the secretary. All board members shall be elected pursuant to the guidelines set forth in California Military & Veterans Code sections 1195 or 1195.2.

Section 2. Election of President, Vice President and Secretary.

The President, Vice President and Secretary shall be chosen annually by the Board from among its members by the affirmative vote of three or more of the Board members.

Section 3. Term of Office.

The term of office for the President, Vice President and Secretary shall be one year. However, each shall hold office until his/her successor is elected and qualifies. In casting their votes for President, Vice President and Secretary, members of the Board may consider the candidate's leadership qualities, his/her ability to conduct meetings of

the Board expeditiously and fairly, and his/her willingness to represent and implement positions adopted by the Board when such positions are at variance with his/her personal views, as well as other factors as they deem pertinent, including seniority, rotation, or prior service as President, Vice President and Secretary.

Section 4. President.

The President of the Board shall preside at all meetings of the Board. The President shall preserve strict order and decorum at all meetings of the Board and announce its decisions on all subjects, and decide all questions of order, subject, however, to an appeal as herein as described. The President shall sign all ordinances and resolutions adopted and contracts approved by the Board at meetings at which he/she is in attendance.

Section 5. Vice President.

In the absence of the President, the Vice President shall assume all duties and responsibilities of the President.

Section 6. Secretary.

The Secretary shall keep the records of the Board, shall act as secretary at meetings of the Board, shall record all votes, keep a record of the proceedings of the Board in a journal of proceedings to be kept for such purpose and shall perform all duties incident to the office. The Secretary shall maintain a record of all official proceedings of the Board.

Section 7. Vacancies.

When a seat of the Board becomes vacant, a new Board member shall be appointed in accordance with Military & Veterans Code section 1195.2 or elected in accordance with Military & Veterans code section 1195.

Section 8. Compensation.

Board members shall serve without compensation, but shall be entitled to actual and necessary expenses incurred in the performance of duties.

ARTICLE III- MEETINGS

Section 1. Regular Meetings.

Regular meetings of the Board shall be held on the third Monday of each month at 7:00p.m.

Section 2. Special Meetings.

The President of the Board may, when he/she deems it necessary, and, upon the written notice to the members of the Board, call a special meeting of the Board for the purpose of transacting the business designated. The means and method for calling such a special meeting shall be as set forth in the Ralph M. Brown Act, California Government Code section 54950 et seq., as it now exists or may hereafter be amended.

Section 3. Quorum.

Three (3) board members of the Board shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes. Every official act of the Board shall be adopted by an affirmative vote of at least three (3) members of the Board except in situations where the law calls for a vote of greater than a majority.

Section 4. Conducting Business.

The order of business of each meeting shall be as contained in the Agenda prepared by the staff with input from the President of the Board. The Agenda shall be a listing by topic of the subjects which shall be taken up for consideration:

- (I) Call to Order
- (II) Roll Call
- (III) Public Comment Time
- (IV) Consent Calendar
- (V) Regular Agenda Items
- (VI) Adjournment

The President or a majority of the Board may change the order of business under Orders of the Day. The Board may set hearings for a specific time and, in that event, such hearings shall begin at the stated time, regardless of the order of business; otherwise, business shall be considered in the order shown above.

Section 5. Meetings to be Public.

All regular, adjourned, and special meetings of the Board shall be open and public; provided, however, the Board may hold closed sessions from which the public may be excluded for the consideration of those matters permitted by the Ralph M. Brown Act (Government Code §§ 54950 et seq.) to be held in closed session. No member of the Board or any other person present during a closed session of the Board shall disclose to any person the content or substance of any discussion which took place during said closed session without prior authorization by a majority vote of the

Board. A Board member who is found by the Board to have made disclosure in violation of the foregoing provisions shall be subject to either or both (i) a motion of censure, or (ii) removal from any one or more of the offices which he or she holds by reason of election or appointment by the Board, such as President or Secretary.

Section 6. Agendas.

An agenda shall be prepared for each regular meeting containing the specific items of business to be transacted and the order thereof. Items of business may be placed on the agenda by any Board member or any staff. A complete copy of the agenda shall be addressed to each Board member and delivered to each Board member at the Veterans Hall not later than 5:00 p.m. on the Friday preceding each regular Board meeting. The agenda shall be available to the public at the Veterans Hall and posted at the prescribed places no later than seventy- two (72) hours prior to the meeting and at the Veterans Hall during each meeting. During the day of the regular meeting, the agenda shall also be available for public inspection at the Veterans Hall.

No matters shall be finally acted upon by the Board other than those on the adopted agenda; provided, however, items of business not appearing on the posted agenda may be considered in accordance with Government Code section 54954.2 and as it may be amended from time to time.

Section 7. Reading of Minutes.

Unless the reading of the minutes of a Board meeting is requested by a majority of the Board, such minutes may be approved without reading if each Board member has previously been furnished with a copy.

Section 8. Getting the Floor.

Every person desiring to speak shall address the President, and upon recognition by the President, shall confine him/herself to the question under debate.

Section 9. Decorum.

While the Board is in session, the Board members and members of the public must preserve order and decorum, and no person shall, by conversation or otherwise, delay or interrupt the proceedings or the peace of the Board, nor disturb any Board member while speaking, or refuse to obey the orders of the Board or of the President, except as otherwise herein provided. When necessary to enforce decorum, the President, subject to Board appeal, or the Board itself may order a person removed from the public meeting, or the public meeting may be closed pursuant to state law.

Section 10. Interruptions.

A Board member, once recognized, shall not be interrupted when speaking unless called to order by the President, unless a point of order or personal privilege is raised by another Board member, or unless the speaker chooses to yield to a question by another Board member. If a Board member, while speaking, is called to order, he/she shall cease speaking until the question or order is determined and, if determined to be in order, he/she may proceed.

Section 11. Failure to Vote

A Board member who fails to vote without stating his/her abstention or without being disqualified shall be deemed to have cast a "yes" vote.

ARTICLE IV- ADDRESSING THE BOARD

Section 1. Right to Address Board.

Every agenda for regular meetings shall provide an opportunity for members of the public to address the Board on any item of interest to the public that is within the jurisdiction of the Board. An opportunity shall be provided for public comment at any special meeting on any matter noticed to be heard at that meeting.

Section 2. Manner of Addressing the Board.

Any person wishing to address the Board shall stand or raise the hand and wait to be recognized by the President, he/she shall stand at the podium, if able, state his/her name and address for the record and proceed to address the Board. All remarks and questions shall be addressed to the Board through the President and not to any member thereof or the public. No question shall be asked a Board member without first obtaining permission of the President.

Section 3. Time Limitation.

The President or a majority of the Board may limit the time speakers may have to make oral presentations to the Board. When any group of persons wishes to address the Board on the same subject matter, it shall be proper for the President or Board to inquire whether or not the group has a spokesperson, and if so, that the spokesperson be heard, with following speakers in the group limited to facts not already presented by spokesperson.

ARTICLE IV- MISCELLANEOUS

Section 1. Amendments to the Bylaws.

The Bylaws of the Board may be amended by the Board at any regular or special meeting by a vote of the majority of the Board Members, provided that no such amendment shall be adopted unless at least seven (7) days' written notice thereof has been previously given to all Board Members of the Board. Such notice shall identify the section or sections of the Bylaws proposed to be amended.

Section 2. Conflicts of Interest.

All Board Members are subject to the provisions of California law including Chapter 7, Title 9 of the California Government Code, relative to conflicts of interest and to any additional conflicts of interest codes adopted by the Board.

Section 3. Procedures in the Absence of Rules.

In the absence of a rule herein to govern a point or procedure, Robert's Rules of Order shall be used as a guide.

Log of Comments Santa Clara Special District Service Review: Phase I Public Review Draft			
Commenter/Agency	Date	Page	Comment
1 Doug Muirhead, Morgan Hill resident	4/2/2013	149 150, 152	<p>Response Confirming with VTA.</p> <p>Comment noted.</p> <p>Comment noted.</p> <p>Comment noted.</p> <p>Comment noted. Staff has provided updates to LAFCO at each LAFCO meeting. The TAC provides advice and guidance to staff and consultants throughout the process. LAFCO staff has not received any complaints from any of the participating districts regarding the process or timing. We have been able to accommodate requests from any district when needed.</p> <p>Comment noted. The second consultant was one of the three respondents to the RFP and successfully conducted the countywide water service review for LAFCO in 2011. In staff's oral report to the Commission at the April 3, 2013 LAFCO meeting, staff clarified that the TAC met on October 26, 2012; February 18, 2013 (via phone); and March 8, 2013. At the February 18th meeting, the TAC was informed that there had been a change in project consultant and the next steps.</p> <p>Comment noted. The contract was terminated mutually for no cause. LAFCO and the Consultant waived the 30-day notice requirement.</p>
			<p>Comment</p> <ul style="list-style-type: none"> Caltrain electrification is from San Francisco (not Palo Alto) to Tamien (not Gilroy), since the tracks between Tamien and Gilroy are owned by Union Pacific Railroad. The minimum standard of 15 boardings per hour (a performance standard which all routes met) works against the smaller cities of South County. This will be of increasing concern as our populations age. For all of the reviews, I would have liked to see the amount of staff time each agency spent providing the information requested by LAFCO. I am not as happy with the actual review process. Given the problems, delays, and changes, what are the lessons learned? How is the institutional knowledge gained in this cycle being preserved for next round of staff and consultants? I would like to suggest that more information about the review process be made available during the process. Problems, delays, and personnel changes incur costs and time for LAFCO and districts' staff and, because of lack of predictability, introduce uncertainty in the planning for the other activities of the districts (e.g. service review versus anniversary celebrations in the case of the open space districts). The role of the TAC is ill-defined, especially when compare with the operation of VTA TAC and RWRC TAC (by laws, public meetings, published minutes). The LAFCO TAC appears to have participated in the original consultant selection but not in the decision to terminate the first consultant nor in the selection of the next consultant. The three respondents to the RFP were not identified nor was the scoring of the respondents. How was the second consultant selected, given that the first selection failed to deliver results? The staff report states that there were two TAC meetings; only one was identified in any of the reports to the Commission. The Commission authorized LAFCO staff to enter into a service agreement with the first selected firm. The contract was not released to the public by default, but was made available to me on request, as was the Notice of Termination, which I did not know of. The contract required a 30-day notice if termination was without cause. The day before the Notice of Termination was issued on February 12, 2013, LAFCO staff and the consultant agreed mutually to waive the 30-day requirement. I did not find this option in the contract. No explanation of the termination was given.

Log of Comments

Santa Clara Special District Service Review: Phase I Public Review Draft

Commenter/Agency	Date	Page	Comment	Response
2 Gary T.S. Reed, Director, Saratoga Cemetery District	4/11/2013	83, under Boundaries	<ul style="list-style-type: none"> While delays and additional staff time were reported in the Executive Officer's Reports to the Commission on December 12, 2012 and February 6, 2013, no hint was given that the consultant chose by staff and the Technical Advisory Committee in August would be replaced. The change (without explanation) was announced to the Santa Clara County Special Districts Association on March 4, 0213. Contrary to the statement in the staff report that there was "no additional burden to the special districts," one of the districts present commented on having to take time to repeat answers that they had already given to the first consultant. The cover page of the Phase 1 public review draft says the review was prepared by Policy Consulting Associates, LLC. The Credits do not mention an other consulting organization. The way the paragraph is worded it sounds like all of lines 2 and 3 are exceptions excluded from the District boundaries which is not the case. Additionally, and I have made this point several times only to have it ignored, until 1987 the district's boundaries were coterminous with the boundaries of the Saratoga Union School District. In 1987 the District initiated a LAFCO expansion to include all of the City of Saratoga and the City of Monte Sereno. In the description of the District boundaries the Saratoga Union School District is not mentioned, instead it lists unincorporated areas west of the cities - I would offer that these are part of the Saratoga Union School District and should be listed as such. The report also excepts two small areas northwest of Prospect Road that appear to be part of the City of Saratoga. Since the District boundaries include all of the City of Saratoga, and since a resident from those areas (being a resident of Saratoga) would be eligible for interment at Madronia Cemetery, why are these areas excluded? Since the City of Saratoga is within the boundaries of the Cemetery District, any areas annexed to the City should also be annexed to the Cemetery District. Page 87 lists the location of the monthly Board meeting "at the District's office." On page 86 it correctly lists the location as "Faculty Lounge, Oak Street School..." 	<p>Comment noted. The TAC members were informed of the consultant change. All information collected by the first consultant was transferred to the second consultant and did not result in additional burden to the districts. LAFCO staff has not received any complaints from any of the participating districts.</p> <p>Clarification was made in the document about which areas are included and which areas are excluded. With regard to the boundaries aligning to the Saratoga Union School District, this may have been the case at formation, but is not relevant to SCD's current boundary description as LAFCO has no jurisdiction over the bounds of the school district. Given that SCD would likely receive no additional property tax revenue should it choose to annex the remaining territory within the City of Saratoga, it is not recommended that these areas be included in the District. Should the District desire to pursue annexation of this area, then it may submit an application for annexation to LAFCO for consideration. Corrected.</p>
		87, Figure 4-3	<ul style="list-style-type: none"> At the bottom of page 87, Figure 4-3, one of the authorized positions is Administrative Assistant. That position no longer exists, it has been superseded by the Office Manager position. It also states that the District has three full-time employees but the Assistant Manager and Officer Manager are both part-time positions. 	Corrected.
		87 (2nd para)	<ul style="list-style-type: none"> Last line states that the District does not have a policy on expense reimbursements. The District does have a policy in the form of Administrative Regulation 102 which I have attached. 	Corrected.
		91 (3rd para, under Rates)	<ul style="list-style-type: none"> It states that a non-resident fee applies to anyone who is eligible for burial but was not a resident or taxpayer of the District at the time of purchase. The non-resident fee is an interment fee not a burial rights fee - it should read "was not a resident of taxpayer of the District at the time of death." 	Corrected.

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Commenter/Agency	Date	Page	Comment	Response
3 Kevin Davis, District Manager Rancho Rinconada Recreation & Park District	5/15/2013	Figure 1-10	<ul style="list-style-type: none"> The latest service review effectively offers 3 governance structure options for Rancho Rinconada: continue as a special district, merge with the city, or become a subsidiary district of the city. However, the best option is not even listed—continue as a special district and form a partnership with the city. The primary concerns of the report for remaining as a special district are twofold: a lack of written policies and plans and a fragmentation of recreation providers in Cupertino. We are aware of the deficiency in our written documentation and have responded by performing a full review of our practices starting in 2011. The second concern would be best addressed through a partnership as opposed to being merged. Cupertino Parks & Recreation currently does not have the District in their general recreation plan and their written policy is to “encourage the continued existence and profitability of private open space and recreation facilities.” The department is also currently working on other projects and would not be able available to take over the district. Instead, a partnership allows the city to plan and deliver year-round aquatic services to Cupertino residents without building a new pool or going through the not-insignificant work involved in a merger. I am recommending that Rancho Rinconada remain as a special district with the understanding that the District will reach out to the City of Cupertino. Continuing as a special district will provide excellent and uninterrupted aquatic programs, while partnering with the city will eliminate the fragmentation of planning and services. 	<p>This option is considered an extension of governance option #1 - continued operation as an independent special district. Additional text describing the potential for a partnership with the City of Cupertino added to the text of the document.</p>
			<ul style="list-style-type: none"> The disadvantages of merging with the city are covered in figure 1-10 and the advantages are based on the assumption that a single provider would lead to better, easier, and more efficient planning and delivery of recreation services in Cupertino. Unfortunately this advantage is based on the assumption that funding will be the same as historic levels. If funding is not secured or is only partially secured there would be a net reduction in services either at Rancho or citywide as a result. It is misleading to list advantages which are not certain. The wording should be changed to reflect this uncertainty. 	<p>Clarified throughout the report that these are potential advantages and disadvantages based on existing conditions.</p>
		Figure 1-9	<ul style="list-style-type: none"> Figure 1-9 lists a double tax for recreation as a disadvantage. The wording on this is misleading in that it implies that residents are taxed more than others. Rancho resident's property tax is simply portioned off differently. The wording on this should be changed to reflect that there is not two times the tax for residents. Also, if this supposed “double tax” is a disadvantage than it should also be listed as a disadvantage in table 1-11. It would be more internally consistent to either list the disadvantage in both areas or to drop it entirely. 	<p>Disadvantage rephrased to clarify that residents of the District would continue to pay two agencies for the same services and these property tax funds that are dedicated to recreation services within the District's bounds would continue to be diverted from other services funded through the City of Cupertino's general fund. This disadvantage has also been added to Figure 1-11.</p>
			<ul style="list-style-type: none"> Figure 1-9 also states that “the district's recreation services could continue to be limited compared to those offered by Cupertino or other areas of the city” as a disadvantage of continuing as a special district. This statement is misleading readers into thinking that the district would somehow obtain a greater amount of services by merging with the city or that we are limited currently. This idea is factually incorrect. The District offers different and significantly more aquatic services that stress the limits of the District's property, and seasonal & daylight. Merging with the city would not change this. This disadvantage should be either removed or restated. 	<p>Disadvantage removed from the report.</p>

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Commenter/Agency	Date	Page	Comment	Response
<p>4 Miriam Salo President Rancho Rinconada Recreation & Park District</p>	<p>5/14/2013</p>	<p>Page 17</p>	<p>● It should be noted that the demographic of the district has changed considerably over the past 20 years, from low - income working class housing tracts in 1955, to a majority of multimillion dollar redeveloped homes. In 2000, few of the original homes had been redeveloped. The district's demographic has also dramatically changed. Since many residents now are first-generation immigrants, culturally, this has been a huge barrier to resident interest in the district's governance while services provided by the district continues to be popular. After a board member retired in 2005, the board did a thorough job of advertising the position, interviewed several candidates, requested letters of intent, and voted to appoint the most appropriate applicant. The appointment of our newest board member in 2010 occurred after he filed for the position with the Registrar of Voters and the incumbent board member failed to file for re-election. Many well-established governing board members throughout Santa Clara County have been re-elected without opposition, including members of the Santa Clara County Board of Supervisors, Community College Boards, City Councils, School Districts, and Special Districts. Does that fact reflect a lack of candidate and resident interest in those District's activities and governance? The Rancho Rinconada Board of Directors has always found that outreach to area residents is crucial to the success of the district and has been working closely with the district's administration since 2010 to increase and revise our current outreach to area residents.</p>	<p>Noted. Certainly occasional re-election of unopposed board members is a common practice among all boards; however, the MSR points out that in the case of RRRPD, all positions have been filled unopposed at least over the last 10 years. While not the sole indicator of candidate and resident interest in the District's activities, lack of contested elections over a long-term period is suggestive of a lack of constituent interest. No change made.</p>
		<p>Page 27</p>	<p>● The Rancho Rinconada Recreation and Park District Board of Directors has always understood the importance of full transparency and accountability in the operations of the district and have worked to fully review and implement improvements to the district's transparency and accountability, and review and implement improvements to the long-term planning operations of the district. Most of the recommendations outlined in the 2013 LAFCO Special Districts Service Review help the district achieve that goal. The Board of Directors appreciates the recommendations outlined in the Service Review to include these transparency and accountability measures and is committed to implementing them. Since January 2011, the Board of Directors has been working diligently to update, revise, and create Board Policies and bylaw changes that are outdated and/or missing. This has been a priority for the district and the Board of Directors, and should be finished by the end of this year. The recommendations outlined in the 2013 LAFCO Special Districts Service Review for the creation of missing or outdated Board Policies will be included in this project.</p>	<p>Noted. Endeavors to improve services and implement the recommendations outlined in the MSR are commended.</p>
		<p>Page 19</p>	<p>● This statement is factually incorrect. While in the past, the district office manager worked part-time, this was never the intent of the Board Directors, and is no longer the case. The District's Assistant Office Manager frequently worked overtime hours year-round. The Board of Directors made significant changes to the administration in 2012, with the intent that the new District Manager would be a full time position and work to implement a new vision and reforms sought by the Board of Directors. The changes that have already been made, due to these changes, have been significant and noticeable to the Board of Directors, district staff, and the community we serve.</p>	<p>Document updated to reflect that while the district manager and office manager positions are still technically categorized as part-time, these two employees regularly work over 40 hours a week.</p>

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Commenter/Agency	Date	Page	Comment	Response
		Page 27	<ul style="list-style-type: none"> This statement makes a general claim that: <ol style="list-style-type: none"> There is duplication in services delivered within the boundaries of Cupertino. This duplication creates inherent inefficiencies and fragmented service delivery. This duplication impedes long-term planning for the delivery of recreation services to the residents of Cupertino. The Rancho Rinconada Recreation and Park District Board of Directors finds this statement to be baseless and without supporting facts. Unless LAFCO completely dissolves the district (one of the oldest recreational facilities in the area) without any successor agency and/or the City of Cupertino moves to shut down the facility in exchange to building a housing or commercial project in its place, the "duplication" of services as argued in this report will continue to exist, however the Board of Directors feels that the duplication of service claim is inaccurate. 	<p>While there are differences in the services offered as noted here and in the MSR, including times offered and pool descriptions, the overarching category of recreation services offered, as well as the efforts and aims of the two public agencies are generally the same. Eliminating overlapping and duplication of services will promote orderly boundaries and efficient service provision. No changes made.</p>
			<ul style="list-style-type: none"> Cupertino High School's pool operates general swim at highly restricted hours during the months of July and August, and holds limited swim lessons at a higher cost. The Rancho Rinconada Recreation and Park District operates year round which is not the case with Cupertino's Blackberry Farm or Cupertino High School's pool. Cupertino High School's pool is open to all residents at the same fee cost, and pulls from the entire city. It does not have a grassy play area for children, and lacks snack facilities. Unlike the District, it focuses exclusively on aquatics. It should be noted that Cupertino High School's pool is highly unsuitable for teaching young children to swim. 	<p>Noted.</p>
			<ul style="list-style-type: none"> The shallow end starts at 3.5 feet and immediately drops to 4.5 feet. Public swim for toddlers is also difficult at this pool depth. During the seasonal times that Cupertino's Blackberry Farm is open, residents on the east side of Cupertino do not have convenient access to Blackberry Farm's pool facilities, nor have quite the level of services provided to them that Rancho Rinconada currently provides. Whether or not the district is merged with the City of Cupertino or not, the Rancho Rinconada Board of Directors does not agree that there is any sort of duplication of services for residents of Rancho Rinconada or city residents. 	<p>See answer to comment #8. No changes made.</p>
			<ul style="list-style-type: none"> While the boundaries of the Rancho Rinconada Recreation and Park District tax base are entirely within the City of Cupertino (since the area was annexed to the City in 1999 after nearly fifty years as unincorporated county pocket), the location of the district is on the south east corner border of the City of Cupertino, and also shares a border with the City of San Jose. The district also serves the recreational needs of residents of surrounding cities. 	<p>Noted.</p>
		Page 28 Figure 1-9	<ul style="list-style-type: none"> The Rancho Rinconada Recreation and Park District Board of Directors agrees with the Advantages outlined in the Service Review Figure 1 -9 (pg. 28), as it relates to keeping Rancho Rinconada Recreation and Park District as a Special District, however, the Board of Directors wants to respond to the Disadvantages outlined in Figure 1 -9. 	<p>Noted.</p>

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Committer/Agency	Date	Page	Comment	Response
			<ul style="list-style-type: none"> The District understands, as with any other public agency, that the potential to revert to old practices over time is a concern, however this concern is one that is shared with any governing board throughout Santa Clara County. It is the absolute responsibility of the Board of Directors to ensure the continued improvement of the District and the current Board of Directors for the Rancho Rinconada Recreation and Park District is committed to ensuring that this doesn't happen. 	Noted.
			<ul style="list-style-type: none"> As stated earlier, changes in the administration of Rancho Rinconada and changes in the responsibilities of the District Manager and Assistant District Manager requires full-time employment. Staffing levels are adequate to meet the recommended plans and efforts outlined by this report. 	Document updated to reflect that while the district manager and office manager positions are still technically categorized as part-time, these two employees regularly work over 40 hours a week. Disadvantage removed.
			<ul style="list-style-type: none"> Unless the facility is expanded, the facility will have similarly limited services even if the district is transferred to the City of Cupertino. The Rancho Rinconada Recreation and Park District has proven that the district provides significantly more, and significantly different services than what the City of Cupertino currently provides its residents in other City-controlled recreational facilities. 	Disadvantage removed from the report.
			<ul style="list-style-type: none"> There are two options outlined by the report, in terms of what would happen to the tax revenue currently provided to the Rancho Rinconada Recreation and Park District. Either, the City of Cupertino (if LAFCO chooses to merge the district with the City) could negotiate with the County to continue receiving the tax revenue thereby continuing to double tax Rancho Rinconada residents for the services, or the City of Cupertino would forego the added revenues, which will impact negatively all other recreational services the City currently provides. 	Disadvantage rephrased to clarify that residents of the District would continue to pay two agencies for the same services and these property tax funds that are dedicated to recreation services within the District's bounds would continue to be diverted from other services funded through the City of Cupertino's general fund. This disadvantage has also been added to Figure 1-11.
Pages 29-30 Figures 1-10 and 1-11			<ul style="list-style-type: none"> The Rancho Rinconada Recreation and Park District Board of Directors agrees with the Disadvantages outlined in the Service Review Figure 1 -10 and Figure 1 -11 (pg. 29 & 30), as it related to merging the district with the City of Cupertino or establishing the City of Cupertino as a Subsidiary District, however the Board of Directors wants to respond to the Advantages outlined in Figure 1 -10 and Figure 1 -11. 	Noted.
			<ul style="list-style-type: none"> The Rancho Rinconada Board of Directors does not agree, or understand, how there is currently any fragmentation in service delivery of recreation services in Cupertino. In order to understand whether any cost saving measures or efficiencies would occur, the Rancho Rinconada Recreation and Park District agrees that a more thorough study into this statement is warranted. With the larger bureaucracy of City government and the City's Parks and Recreation Department, the Rancho Rinconada Recreation and Park District Board postulates that the merging of the district with the City would have the opposite affect, potentially creating higher costs for professional staff, delivery of services, and higher costs to residents. 	As recommended in the report, a study is recommended to quantify the benefits that such a reorganization would reap. No change made.

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			<ul style="list-style-type: none"> The Rancho Rinconada Recreation and Park District Board does not agree that recreation services to the residents of Cupertino would be enhanced by transferring the District from the current Board of Directors to the City Council. The Board concludes that the transfer of services to the City of Cupertino would have a negative impact on the services delivered at district facilities. 	<p>This does not address that a City is often times more prepared to conduct long-term planning for services than smaller special districts with fewer staffing resources. No change made.</p>
			<ul style="list-style-type: none"> Additional management layers will raise the cost of delivery of services and increase costs of participation by area residents. District services are currently well managed by the professional staff currently hired by the District. This would be an unnecessary addition of a level of governance, and local residents would no longer be able to directly influence operations of the district through local representation. 	<p>These management layers and governance layers at the City already exist, and district residents are paying for those as well as the management and governance of the district. Transferring of the RRRPD services to the City would in fact eliminate a management layer and a level of governance. District residents would continue to have local representation on the city council, as they presently do. However, these comments do not address the point made in the report that professional city staff could enhance services to district residents. No change made.</p>
			<ul style="list-style-type: none"> The Rancho Rinconada Board does not agree that merging the district with the city will enhance efficiencies by eliminating an additional level of government. The Board maintains that the opposite will occur, as two levels of government, the Parks and Recreation Commission and the City Council, will end up serving the district. The Board agrees that further studies should be conducted before making a decision based on this argument. <p>Also, there is no evidence how eliminating a localized governing Board of Directors in exchange for that of the Cupertino City Council would enhance any efficiencies. It would eliminate the \$400 a month in Director stipends, however the City Council has multiple responsibilities besides running this district facility. Time and attention to the current operation of the district by the current governing board would be eliminated by the demands of the City Council, and Parks and Recreation Department, who have to spend time elsewhere.</p>	<p>The City's Parks and Recreation Commission and the City Council are already serving the residents of the District as they reside within city bounds. The degree of benefits from reorganization will be determined in the recommended special study. No change made.</p>
			<ul style="list-style-type: none"> The Rancho Rinconada Board does not agree that transferring the district facility from a local board of directors to a large city bureaucracy will enhance ease of use for constituents, nor will it be easier for area residents to be involved in voicing their concerns regarding services at the district facility. <p>If LAFCO decides to continue to allow the Rancho Rinconada Recreation and Park District to remain as a local special district, the Board of Directors will address the concerns outlined in the Service Review to the extent possible, and report back to LAFCO on the progress made.</p>	<p>At present, district residents must search both the city and district websites to determine offerings and register with two separate agencies if they desire to participate in classes offered by each provider. A single entity providing all recreation services would allow for a streamlined approach with a single source of information and a single place of registration. No change made.</p>

1. RANCHO RINCONADA RECREATION AND PARK DISTRICT

AGENCY OVERVIEW

Rancho Rinconada Recreation and Park District (RRRPD) was established as an independent special district in 1955. The District owns and operates a recreation center in the City of Cupertino. A service review for the District was last conducted in 2007.

The principal act that governs the District is the Recreation and Park District Law.⁶ The principal act empowers recreation and park districts to 1) organize, promote, conduct, and advertise programs of community recreation, including, but not limited to, parks and open space, parking, transportation, and other related services that improve the community's quality of life, 2) establish systems of recreation and recreation facilities, including, but not limited to, parks and open space, and 3) acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, both inside and beyond the district's boundaries.⁷ The principal act also defines the powers and duties of recreation and park districts in cooperating with other local governments.⁸ Districts must apply and obtain LAFCO approval to exercise latent powers, that is, those services authorized by the principal act but not provided by the district by the end of 2000.⁹

There are 108 recreation and park districts in the State.¹⁰ RRRPD is the only district of its type in Santa Clara County.

Boundaries

RRRPD is located almost entirely within the City of Cupertino. There are two parcels to the east along Lawrence Expressway, that lie within the City of San Jose, that consists of the Saratoga Creek Trail and associated riparian area. The District is bounded on the north by Stevens Creek Road, on the south by Bollinger Road, on the east by Lawrence Expressway, and on the west by Tantau and Stern Avenues. The District encompasses approximately 0.4 square miles.

⁶ California Public Resources Code §5780-5791.

⁷ California Public Resources Code §5786.

⁸ California Public Resources Code §5786.11-5786.13.

⁹ California Government Code §56824.10.

¹⁰ California State Controller, Special Districts Annual Report Fiscal Year 2009 – 2010.

Sphere of Influence

LAFCO adopted the existing zero SOI for the District in 1982 in recognition that the area should ultimately be served by the City of Cupertino rather than the District. During the most recent SOI update in 2007, LAFCO reaffirmed the existing zero SOI.

Type and Extent of Services

Services Provided

RRRPD provides all services via its single recreation facility. The maintenance and operation of this building and property, including delivery of recreation services at that facility, are the sole services provided by the District. The District offers the following recreation programs directly through district staff: swimming pool activities, Kids Night Out, after-school activities, facility and barbeque rentals, a snack bar, and a location for community-related activities. These recreation services and periods of when they are offered are described in more detail below.

- ❖ Public swim: Public swim is typically offered daily during the summer (generally second week of June until the end of August), and on the weekends in September.
- ❖ Swim lessons: Swim lessons are typically offered Monday through Thursday during the summer, from mid-May through the end of October.
- ❖ Lap swim: Lap swim is offered year round, Monday through Friday.
- ❖ Youth swim team: The District provides youth swim team training on a year-round basis, Monday through Friday. The team specifically serves children five to 17 years.
- ❖ Kids Night Out: The District provides an evening recreation program on Friday nights entitled “Kids Night Out”. This program is offered year-round. Kids Night Out consists of a movie, dinner, indoor and outdoor games, a drink and a snack. It is open to kids five to 12 years old.
- ❖ After-School Program: The District provides an after-school program for children that offers a snack, recreation activities, basic homework assistance, academic tutoring, guest speakers, workshops, and other activities. The program is provided Monday through Friday for students from 1st through 8th grade, during the school year.
- ❖ Facility rental: The recreation activity room/hall, the swimming pool, and the barbecue/patio area are available for rent for private functions, classes, meetings, and weekly gatherings. At present, there is one ongoing rental for a yoga class that is open to the public. The barbecue/patio area is available for rent during the summer. The recreation activity room/hall is available for rent from September through May. The pool is available for rent from April through October.

Service Area

The recreation center itself is located within the District's boundaries; however, services are offered to residents and non-residents alike. Non-residents are charged slightly higher rates than residents of RRRPD for certain services.

Service to Other Agencies

The District does not have any contracts to provide services to other public agencies.

Contracts for Services

The District does not have any contracts with public agencies for service delivery at the recreation center.

Collaboration

RRRPD does not collaborate with other public agencies in the delivery of recreation services; however, the District does collaborate with individuals to offer additional public classes at the recreation facility, such as yoga.

Overlapping and Neighboring Service Providers

The City of Cupertino almost entirely overlaps RRRPD. The City provides similar, and substantially more, recreation services, including swimming pool facilities and lifeguard instruction, as well as other educational and fitness classes. Notably, the City does not provide youth swim team opportunities like the District, and swim instruction and lap swim services are limited to a two month period in the summer. The City has two swimming pools, which are both located at the Blackberry Farm Park—four miles from the District's swimming facilities. Additionally, the City partners with Cupertino High School to offer swimming opportunities during the summer. The high school is located just over a mile from the District's facility.

Figure 1-1: Rancho Rinconada RPD Boundaries and SOI

ACCOUNTABILITY AND GOVERNANCE

The District is managed and governed by a five-member Board of Directors. Board members are elected to four-year terms of office. There are no term limits. The County Board of Supervisors appoints members to the District's Board, if there is a lack of candidates for election. All five of the current Directors were appointed. For the past ten years, board members have run unopposed. As the four-year term of an incumbent board member expires, existing members have been re-appointed by the Board of Supervisors in lieu of an election. This reflects a lack of candidate and resident interest in the District's activities and governance, perhaps due to a lack of outreach to area residents.

Prior to an election (in an election year), the County Registrar of Voters publishes a legal notice in a local newspaper of the District's choice to announce any upcoming board terms that are expiring. Any persons interested in running for the position (incumbent or otherwise), must file with the County Registrar of Voters. If no more than one person is running for each available position, then the Board of Supervisors can consolidate the election and appoint individuals without conducting the election. If no one runs for a position, then the Board of Supervisors is empowered to appoint any person to the office who is qualified on the date when the election would have been held.¹¹

The process for appointment by the Board of Supervisors differs by district. There are no formal policies or standardized procedures on the part of the District nor the Board of Supervisors defining how openings are to be announced, how long the application period should be open, and the manner for interviews, etc. Upon appointment by the Board of Supervisors, it is unclear where the responsibility lies regarding reporting the Board of Supervisor's decision back to the Registrar of Voters, whether it's the District or the Clerk of the Board. However, in the case of RRRPD, the Registrar of Voters has maintained up-to-date information on the board members and their respective term expiration dates, and this information is made available online.

The current Board member names, positions, and term expiration dates are presented in Figure 1-2.

¹¹ Elec. Code, § 10515(a).

Figure 1-2: RRRPD Governing Body

Rancho Rinconada Recreation and Park District					
<i>District Contact Information</i>					
Contact:	Kevin Davis, Interim Assistant Office Manager				
Address:	18000 Chelmsford Drive, Cupertino, CA 95014				
Telephone:	408-252-8429				
Email:	contact@ranchoreccenter.com				
Website:	http://www.ranchoreccenter.com/home				
<i>Board of Directors</i>					
Member Name	Position	Began Serving	Term Expires	Manner of Selection	Length of Term
Jordan Eldridge	Board Member	2010	2014	Appointed	4 years
Julie Jervis	Board Secretary	2005	2016	Appointed	4 years
Miriam Salo	Vice President	1996	2016	Appointed	4 years
Sandra Yeaton	Board President	1996	2016	Appointed	4 years
Steve Wesolowski	Board Member	1994	2014	Appointed	4 years
<i>Meetings</i>					
Date:	Tuesdays at 7:15 pm (1 st or 2 nd Tuesday of every month)				
Location:	Rancho Rinconada Recreation Center at 18000 Chelmsford Drive, Cupertino				
Agenda Distribution:	Posted online and on the bulletin board at the entrance of the recreation center				
Minutes Distribution:	Posted online and on the bulletin board at the entrance of the recreation center				

The Board of Directors meets either on the first or second Tuesday of each month. The meetings are held at the District’s recreation center at 18000 Chelmsford Drive in Cupertino. Each Director receives a \$100 stipend for the first meeting in a month, and receives \$50 for each additional meeting thereafter. Government Code §53235 requires that if a district provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the district must establish a written policy on reimbursements. The District’s Board has completed the training. The District does not have a written policy on expense reimbursements.

RRRPD began publishing the Board of Directors’ meeting agendas and minutes to the District’s website in October 2012. The agenda is posted 72 hours prior to every Board meeting at the entrance of the recreation center, and also on the District’s website. The District conducts constituent outreach in addition to legally required agenda posting via its website. The District posts a variety of information to its website, including its recreation services (e.g., aquatics, facility rentals); a calendar depicting the dates and times for delivery of recreation services by the District; the e-mail address for the District; and the agendas and minutes for the Board of Directors meetings. The District’s annual financial reports and annual budgets are not available on its website.

The Board of Directors have developed and adopted bylaws that provide a framework and direction for district governance by the Board. These bylaws cover the creation of board, meeting agendas, minutes, public inspection of district records, and appointments to the Board.

Government Code §87203 requires persons that hold office to disclose their investments, their interests in real property and their income, and file Form 700 with the Fair Political Practices Commission each year. RRRPD board members filed the required Form 700 Statement of Economic Interest forms in 2012.

MANAGEMENT AND STAFFING

The Board of Directors govern the District, while a part-time office manager oversees the day-to-day operations. The office manager supervises the assistant office manager, aquatics director, human resources director and a general office worker, who, in turn, supervise seasonal or temporary staff. All district employees are part-time¹² or seasonal, work less than 2,080 hours per year, and do not receive any benefits.

As shown in Figure 1-3, in 2011, the District had 41 employees who worked hours equivalent to 7.69 full-time positions (based upon 2,080 hours per full-time employee). A majority of these employees were seasonal pool lifeguards. The District’s five administrative employees equate to 1.75 full-time equivalent staff.

Figure 1-3: Average Number of Hours and Full-Time Equivalent Employees for 2011

Department	Number of Employees	Average Annual Hours/Employee	Total Full-Time Equivalent Staff
Administration	5	731	1.75
Custodian	1	1,149	0.55
Pool Lifeguard	28	375	5.05
Recreation Instructors	7	100	0.34
TOTAL	41	390	7.69

Source: Rancho Rinconada Recreation and Park District

The District retains private firms or individuals for various services related to the maintenance of the recreation center, including a landscape maintenance contractor, and a janitorial contractor for cleaning of the recreation center. Additionally, the District has retained a certified public accountant to prepare the annual financial transaction reports, which are required by the State Controller under Government Code Section §53891. This service is provided without a contract between the accountant and the District. The District’s legal counsel is the County Counsel’s Office.

The District has not adopted a mission statement, goals, objectives, long-range plans or performance measures. However, the District has adopted bylaws, which includes a statement of the District’s purpose, which is to provide leisure activities by the development and delivery of supervised recreation programs, construction and maintenance of recreation and park facilities, and cooperation with other agencies in the area that provide like services or can assist in providing said services.

¹² While the district manager and assistant manager positions are technically categorized as part-time according to the position descriptions, these two employees regularly work over 40 hours a week, constituting a full-time position, particularly in the summer.

Other documents that the District uses to guide efforts and services include the annually adopted budget. The District has adopted a budget for FY 12-13. The District's budget is not available on its website.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. The County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the close of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.¹³ The District's annual audit is prepared by the same certified public accountant that prepares the District's annual financial transaction reports. The District has filed their annual audits with the County. These audits are prepared annually for the District. As of the drafting of this report, the FY 11-12 audit was in the final drafting stages and was anticipated to be completed within a month.

POPULATION AND PROJECTED GROWTH

Land Uses

Land uses within the District are primarily residential with some public uses (the District's recreation center and two parks).

Current Population

As of 2010, the District had approximately 3,983 residents, based on GIS analysis of 2010 Census data.

Disadvantaged Unincorporated Communities

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more

¹³ Government Code §26909.

registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.¹⁴

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. However, the DWR data can be used for the purposes of this report as an indicator of any larger communities that may meet the income definition of disadvantaged. Based on mapping information from DWR, there are no disadvantaged unincorporated communities within or adjacent to RRRPD.¹⁵

Projected Growth

Minimal population growth is anticipated within the District's bounds, as the area is entirely built out. While population projections specific to the District are not available, future population may be imputed from the Association of Bay Area Government's (ABAG) projections for the City of Cupertino. ABAG projects that the City will experience four percent growth over the 25-year period from 2010 to 2035, which is equivalent to 0.2 percent average annual growth.¹⁶ Should the territory within RRRPD experience growth similar to that of the entire City, then the District is anticipated to have a population of 4,142 in 2035.

FINANCING

Financial Adequacy

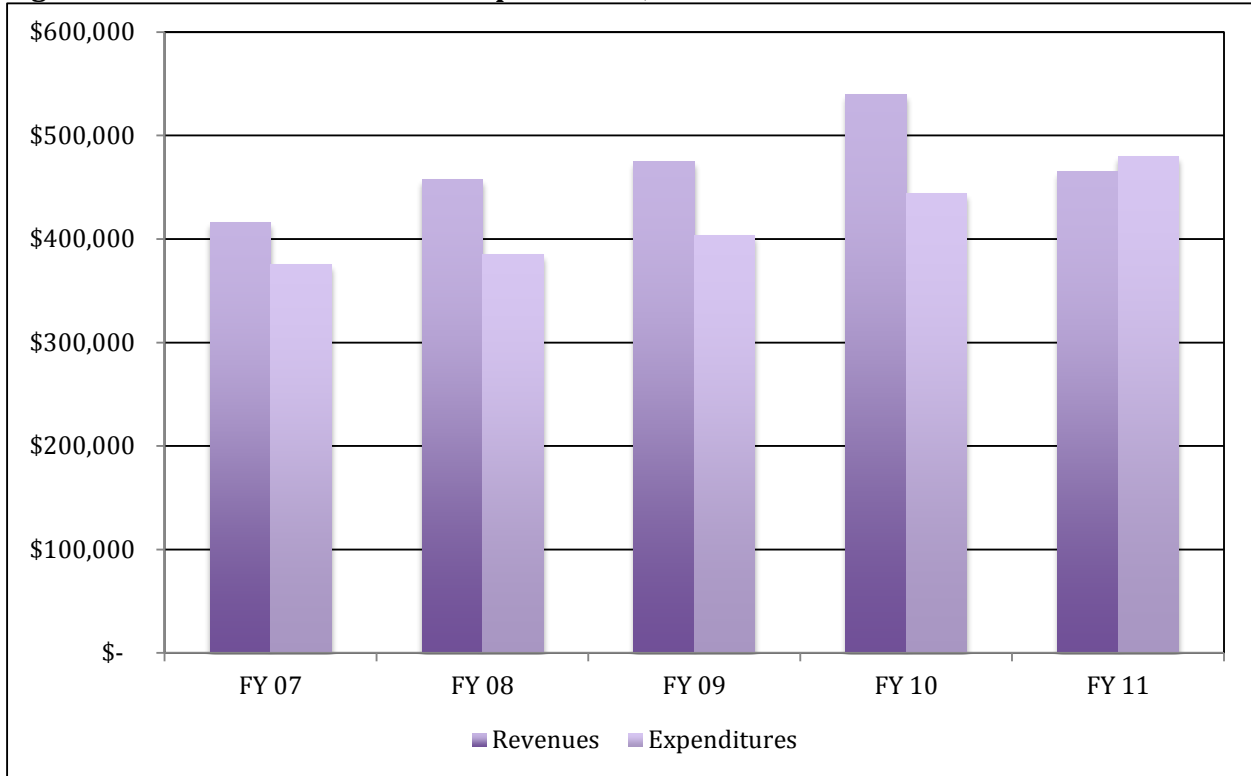
The District reported that the current level of financing is adequate to provide services. District revenues have exceeded expenditures for four of the past five fiscal years (2007-2011), as shown in Figure 1-4. In FY 11, the District experienced a decrease in income from service charges, due to a decline in usage of the facility. Also in FY 11, the District made investments in capital assets in excess of previous years. Consequently, district expenditures exceeded annual revenue, and the District used reserves to cover the excess expenditures in that year. RRRPD has undertaken efforts to reduce costs, including low flow shower heads, reduced phone bills, and a reduction in security; however, as the District's primary expenditure is salaries for staffing essential to the services offered, the District reportedly has more of a focus on increasing revenues by offering more services.

¹⁴ Government Code §56033.5.

¹⁵ DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

¹⁶ ABAG, Projections 2009, 2009.

Figure 1-4: RRRPD Revenues and Expenditures, FYs 07-11



Source: FY 2007–FY 2011 Independent Financial Audits

Revenue Sources

In FY 11, the District received \$465,427 in revenue as depicted in Figure 1-5. The primary sources of revenue for the District are property taxes (67 percent) and fees for service (33 percent). Revenue from fees for services decreased in FY 11 by \$69,952, due to reductions in use of the center. The District reported that usage of the public swim facilities greatly depends on weather, and mild summers lead to less usage. The beginning of Summer 2011 was particularly cool and wet, leading to less pool patrons. Additionally, RRRPD’s revenues are greatly constrained by the facility and staffing capacity.

Figure 1-5: RRRPD Revenue Sources, FY 11

Revenue Category	Revenue	% of Total Revenue
Property Tax	\$310,177	66.6%
Interest and Investment Income	\$1,372	0.3%
Fees for Service	\$153,878	33.1%
Total	\$465,427	100.0%

Source: FY 2011 Independent Financial Audit

Rates

Figure 1-6 presents a list of the rates and user fees charged by the District for recreation activities. The District most recently increased its rates in 2006. The District charges a slightly higher rate for non-residents for a majority of activities. Certain charges are significantly discounted for seniors over 55 years of age, as shown below, for example lap swim passes. Charges are the same regardless of residency for certain activities, including the After School Program, Kids Night Out, and pre-competitive swim training.

Figure 1-6: RRRPD Rates for Residents and Non-Residents

Category	Resident	Non-Resident
Public Swim		
Single Entry (4-55 yrs)	\$2.50	\$3.00
Single Entry (55+ yrs)	\$1.50	\$2.00
Group Discount	\$2.50	\$2.50
10 punch card	\$23.00	\$28.00
20 punch card	\$45.00	\$55.00
Single Summer Pass (4-55 yrs)	\$60.00	\$70.00
Single Summer Pass (55+ yrs)	\$30.00	\$35.00
Family Summer Pass	\$120.00	\$150.00
Add 1 to Summer Pass	\$25.00	\$25.00
Lap Swim		
Single Entry (4-55 yrs)	\$1.50	\$2.00
Single Entry (55+ yrs)	\$1.00	\$1.25
3 month pass (4-55 yrs)	\$45.00	\$50.00
3 month pass (55+ yrs)	\$20.00	\$25.00
Swim Lessons		
Single Lesson	\$20.00	\$20.00
8 Lessons-Session	\$130.00	\$150.00
Group Lesson	\$100.00	\$100.00
Swim Team		
Swim Team/Month	\$80.00	\$80.00
Pre-Competitive Swim Training (2 wks)	\$150.00	\$150.00
Kids Activities:		
Kids Night Out	\$5.00	\$5.00
After School Program (month)	\$350.00	\$350.00
After School Program (10 passes)	\$200.00	\$200.00

Additionally, the District charges rental fees for rental of the BBQ area, recreation hall and swimming pool. These rates generally depend on day of the week for the rental. The BBQ area may be rented for a three-hour period for \$60 or for six hours for \$100. The recreation hall may be rented on weekdays for \$50 an hour regardless of residency and for \$75 residents/\$100 non-residents per hour on the weekends. Pool rental is \$140 per hour with the required minimum of two lifeguards, and \$20 additional per hour for each additional lifeguard.

Figure 1-7 presents the rates charged by the District for certain swimming activities in comparison to the Cities of Cupertino and Campbell—two neighboring providers of similar swimming services. The District’s rates are the lowest among the three service providers.

It is recommended that the District conduct a rate study to ensure that rates are sufficient to cover operation and capital needs and appropriate compared to those rates charged by other service providers. Additionally, the District should consider charging higher rates for non-residents, given that current rates are substantially lower than other providers, and property tax revenues from residents are in essence subsidizing services to non-residents.

Figure 1-7: Neighboring Provider Rate Comparison

Type of Swim Recreation Provided	Rancho Rinconada	Cupertino	Campbell
Private Swim Lesson - Resident	\$130	\$210	N/A
Adult Lap Swim-Drop In - Resident	\$1.50	\$4	\$7
Adult Lap Swim - 20-day pass - Resident	\$30	\$60	\$80

Sources: City of Cupertino Parks and Recreation staff and City of Campbell Spring 2013 Activity Guide

Expenditures

In FY 11, the District expended a total of \$480,071 as depicted in Figure 1-8. A majority (63 percent) of expenditures are attributable to wages and related payments to staff. Expenditures increased in FY 11 by \$36,453 compared to FY 10, due to several capital improvements, including replacement of pool covers, new dividers in the bathrooms, and painting of the bathrooms and recreation activity room.

Figure 1-8: RRRPD Expenditures, FY 11

Expense Category	Expenditure	% of Total Expenditures
Payroll and Related	\$302,788	63.1%
Operating Expenses	\$177,283	36.9%
Total	\$480,071	100.0%

Source: FY 11 Independent Financial Audit

Capital Outlays

The District has not developed or adopted a written capital improvement program. Capital improvements are planned for in the District’s annual budget. The District attributes capital repairs in its financial statements to operating expenses.

Reserves

The District does not have a formal policy regarding the level of reserves to be maintained at any given time; however, given the District aims to maintain its balance as high as possible. The District does not maintain a separate reserve fund, and instead groups roll-over cash balances from year to year in its single general fund. The balance of which may be used for operating needs, contingencies and capital needs.

Given that the District does not separate out reserves from its general operating revenue, it is difficult to identify what the District’s actual level of savings is. At the end of FY 11, the District maintained a general fund balance of \$519,827 or 108 percent of FY 11 expenditures. The District’s roll-over fund balance has doubled in the past five years, from \$255,957 in FY 07 to \$519,827 in FY 11. However, a majority of this fund balance is to be used for operations over the next fiscal year.

It is recommended that the District clearly define and designate its reserves for contingencies and capital needs separate from its operating cash balance.

Debt

The District does not have any long-term debt.

INFRASTRUCTURE AND FACILITIES

The District owns and operates the recreation center at 18000 Chelmsford Drive in Cupertino, near the corner of Bollinger Road and Lawrence Expressway. This property and facility are the District’s sole assets.

The recreation center property is 1.992 acres. The center has an outdoor five-lane, 25-yard swimming pool of 2,910 square feet and 120,000 gallons. The pool has a maximum capacity of 140 persons. The recreation center provides approximately 4,933 square feet of indoor space, and includes a bathhouse with restrooms and showers, a snack bar, a kitchen, and a recreational activity room/hall and office.

Administration office hours for the District in the summer are typically 9 am to 8 pm Monday through Friday and 12 pm to 6 pm Saturday and Sunday. During other seasons, the office is open from 9 am to 2 pm and 3 pm to 8 pm Monday through Friday. Similarly, center hours differ based on season. During the summer, the center is typically open 7 am to 8 pm Monday to Thursday, 12 pm to 9:30 pm on Fridays, and 12 pm to 6 pm on the weekends. During the off season, the center is open 7 am to 9 am and 3 pm to 7 pm Monday to Thursday and 6 pm to 9:30 pm on Fridays.

In the past five fiscal years, the District has made a number of improvements, including re-roofing the recreation center, painting the fence around the recreation center, and replacing two fence gates, upgrading the swimming pool equipment, replacing computers, pool controls, and the television at the recreation center, repainting the exterior of the building, and repairing damages caused by termite infestation.

Additionally, new furniture and equipment were purchased within the past five fiscal years, including a freezer, swimming pool pumps, LED swimming pool lights, a probe and monitor saddle for the swimming pool, an air conditioner for the recreation center, an employee time card clock, a large lap clock, pool covers, a storage shed, new drapes for the recreation activity room, and playground equipment.

The District has not made any capital improvements since May 2011. However, the District is in the process of updating its signage for the recreation center.

Infrastructure Needs

The recreation center, which was originally built in 1955 and completely renovated between 1989 and 1991, appears to be reasonably maintained. The District reported that there were no critical deferred maintenance issues; however, it is anticipated that sometime over the next five years the pool deck will need to be replaced or covered due to pitting. Other plans for improvements are generally small, such as new towel hooks, etc. The District generally makes these improvements as needed and as financing allows.

Shared Facilities

The District makes its facility available to the Registrar of Voters for biennial elections.

DEMAND FOR SERVICES

The District reported that there was a noticeable decline in use of the District's services in FY 11, which is attributable to weather and district capacity constraints. The District reported that it is unable to keep up with demand with regard to swimming lessons, primarily, due to the small size of the pool and limited staffing. Classes are always filled to maximum capacity and potential customers are turned away. The District is reportedly working to address staffing constraints and expanding classes offered.

The District uses various means to track use of the facility and recreation programs. Attendance during public swim on any given day may be tracked via receipt of payments for each swim. The District estimated that average daily public swim attendance was between 80 and 90 persons in July and August 2012. The District reported that approximately 45 percent to 55 percent of public swim attendance consists of non-district residents.

Attendance at swim lessons is roughly estimated base on the number of instructors and the average class size for each lesson during the summer of 2012.¹⁷ The District estimated that approximately 128 customers attend swim lessons on any given day.

Lap swim attendance is tracked via a sign-in sheet that is administered by the lifeguards. Unfortunately, the District's computer tracking system for this information was deleted sometime in late 2012. Based on a memory of this information, there are approximately 25 lap swimmers per day during the summer, and during the off season in the spring there are approximately 12 to 20 swimmers each day.

¹⁷ There are generally eight swim instructors in the morning and 12 instructors in the afternoon. Each instructor offers one-on-one training, with instructors training four sessions each in the morning and eight sessions each in the afternoon.

Youth swim team attendance is tracked by the swim coaches on written logs. Like the other pool related activities, attendance greatly depends on the season. Based on the logs in 2012, there are between 30 and 60 children that take part in swim team activities on a daily basis—with higher attendance in the summer and lower attendance in the off season.

The District tracks attendance at Kids Night Out in a written log; however, these records were lost. While attendance can range from 15 to 30 students in any week, the District estimated that on average there are 21 children that attend Kids Night Out every week. Attendance fluctuates based on the kids' school year and vacation schedule.

As of February 2013, the After School Program serves between five and eight children on a daily basis. Participation in the After School Program is estimated based on the number of monthly subscribers and adjusted to account for those children who use punch passes.

Given the capacity limitations of the facility, and the need for the District to more efficiently make use of the space available, the District should conduct thorough tracking of use of the pool, during public swim, lap swimming, lessons, and swim team.

GOVERNANCE STRUCTURE OPTIONS

Within Cupertino, the City and the District both provide recreation services. The swimming pool provided by the District is located four miles from the two swimming pools provided by the City at Blackberry Farm Park and one mile from the Cupertino High School pool. The District's facility is located in close proximity to other Cupertino park facilities as well, such as Creekside Park, a 13-acre city park located 1.4 miles from the District's facility. The duplication in services delivered within the boundaries of Cupertino creates inherent inefficiencies and fragmented service delivery and impedes long-term planning for the delivery of recreation services to the residents of Cupertino.

Additionally, RRRPD's primary revenue source is a portion of the one percent property tax, meaning that residents of the area are paying for recreation services to two separate public entities and that the City receives less property tax revenue from the areas within RRRPD. The City generally uses property tax revenue to fund general services, from which RRRPD residents reap the same benefits as other city residents; however, as a result of RRRPD receiving a portion of the total one percent property tax levied in the area, residents of the District are paying a smaller portion of the total one percent property tax into the City's general services than other city residents. Alternatives exist for the District and the City in operation and governance for a more efficient approach to serve the Cupertino community.

There are four governance structure options for RRRPD.

The first alternative is maintaining RRRPD as an independent special district, with steps to improve the services provided by the District, its transparency and accountability. Under

this alternative, the District would continue to operate as an independent special district, but would make improvements including the following:

- ❖ Long-term business planning for the delivery of services by the District, including conducting a recreation needs assessment, developing a business plan, and developing a mission statement, goals, objectives, and performance measures;
- ❖ Long-term financial planning for services by developing a five-year capital improvement program and jointly reviewing rates to ensure that they are set at sufficient levels to cover all operational and capital needs; and
- ❖ Enhancing accountability and transparency by adopting a policy on expense reimbursements as part of the District’s policies and administrative regulations, and developing and implementing a plan to enhance outreach to district residents in an effort to increase interest in board activities.

Adopting this alternative would have the following potential advantages and disadvantages, should conditions remain unchanged.

Figure 1-9: Advantages and Disadvantages of Continuing as a Special District

Advantages	Disadvantages
The delivery of services by the District would continue uninterrupted.	The District could potentially revert to old practices over time.
The long-term business planning of the District would be enhanced by conducting a recreation needs assessment.	<u>Property tax revenues levied from within the District would continue to be dispersed to two agencies providing recreation services (RRRPD and the City).RRRPD lacks full-time staff, which inhibits the ability of the District to conduct the recommended plans and efforts listed here.</u>
The variety of recreation services provided by the District could be enhanced, as a result of the recreation needs assessment.	<u>The property tax revenues collected by RRRPD would continue to be directed away from the City’s general fund used for general city services. District residents would continue to benefit from these city services but contribute less for these services than other city residents.</u> <u>The District’s recreation services could continue to be limited compared to those offered by Cupertino in other areas of the City.</u>
The long-term financial planning of the District could be enhanced by a rate comparison study and development of a five-year capital improvement program.	<u>Residents of the District would continue to be double taxed for recreation services by the City and RRRPD.</u>

<p>The accountability and transparency of the District could be enhanced by adopting a policy on expense reimbursements and by developing and implementing efforts to enhance interest in district activities.</p>	
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Following the release of this document, RRRPD and the City of Cupertino met to discuss options for partnering and sharing of facilities and resources to enhance services to city and district residents. The District proposed this option as a means of reducing the identified fragmentation in recreation services in the area and perhaps pooling available resources between the agencies. The potential partnership is in the early phase of informal discussion, and the exact structure of the proposed partnership has not yet been established. It should be noted that the proposed partnership, while a means to enhance efficiency and cooperation between the two agencies, would not eliminate the duplication of services offered by the two public agencies.

Another governance structure option for RRRPD may be merger with the City of Cupertino. A merger is defined as the termination of the existence of a district when the responsibility for the functions, services, assets, and liabilities of that district are assumed by a city.¹⁸ Government Code §57104 requires that all territory of a district must be within the City for which merger is proposed. In the case of RRRPD, there are two parcels with parkland in the east, which are within the City of San Jose. In order for merger of RRRPD with the City of Cupertino to be a possibility, these parcels would need to be detached from the District. Upon merger with the City, the District would cease to exist as a special district and the City would assume all assets, functions and governance along with all debts and liabilities. In order for the City to receive the property tax currently dedicated to the District, negotiations with the County would need to be conducted.

Adopting this alternative would have the following potential advantages and disadvantages, should conditions remain unchanged.

Figure 1-10: Advantages and Disadvantages of Merger with City of Cupertino

Advantages	Disadvantages
<p>The fragmentation in service delivery of recreation services in Cupertino would be eliminated by a single entity providing services.</p>	<p>Unless negotiated, the District’s property tax revenue may be disbursed among other taxing agencies that receive a portion of the one percent property tax, and the City may have to take on operations and liability of the facility without the additional revenue source. Taking on operations of the pool without supporting revenues may require the City to reduce its costs and</p>

¹⁸ Government Code §56056.

	service levels to compensate.
Long-term planning for the delivery of recreation services to the residents of Cupertino would be enhanced.	The delivery of services to area residents could potentially be interrupted during the transition period.
The management of recreation service delivery to the residents of the District would be enhanced with the substantive management and supervisory structure of the City’s Parks and Recreation Department.	Any additional property tax revenue received as a result of the merger would go into the City’s general fund and possibly be divided among the various municipal services offered.
Enhanced efficiencies by eliminating an additional level of government.	
Enhanced ease of use for constituents, with a single provider of services.	

Another governance option may be establishing the District as a subsidiary district of the City of Cupertino. As a subsidiary district RRRPD would continue to exist as a legal entity, but the City Council is designated as the ex officio board of directors of the District. At least 70 percent of the territory within the District or 70 percent of registered voters of the District must be within the City, in order to meet legal requirements of establishing a subsidiary district.¹⁹ In the case of RRRPD, the territory of the District lies almost entirely within the City of Cupertino, meeting the requirements to be a subsidiary district.

The establishment of RRRPD as a subsidiary district would not change the legal status of the District as a special district; however, it would exchange the existing elected district Board of Directors for the City Council as the ex-officio board of directors. Similar to merger, the City would assume all assets, functions and governance along with all debts and liabilities of the subsidiary district. The establishment of the District as a subsidiary district of the City would not change the designation of the share of the ad valorem property tax received by the District. This option may be initiated by the Commission,²⁰ the legislative body of the district wishing to establish itself as a subsidiary district,²¹ the legislative body of a city wishing to establish a subsidiary district,²² or by petition.²³

Adopting this alternative would have the following potential advantages and disadvantages, should conditions remain unchanged.

Figure 1-11: Advantages and Disadvantages of Establishing a Subsidiary District

¹⁹ Government Code §57105.

²⁰ Government Code §56375(a)(2)(D).

²¹ Government Code §56658(a).

²² Government Code §56658(a).

²³ Government Code §56866

Advantages	Disadvantages
The fragmentation in service delivery of recreation services in Cupertino would be eliminated by a single entity providing services.	The delivery of services to area residents could potentially be interrupted during the transition period.
Long-term planning for the delivery of recreation services to the residents of Cupertino would be enhanced.	<u>The property tax revenues collected by RRRPD would continue to be directed away from the City's general fund used for general city services. District residents would continue to benefit from these city services but contribute less for these services than other city residents.</u>
The management of recreation service delivery to the residents of the District would be enhanced with the substantive management and supervisory structure of the City's Parks and Recreation Department.	
Enhanced efficiencies by eliminating an additional level of government.	
Enhanced ease of use for constituents, with a single provider of services.	

The potential advantages to forming RRRPD as a subsidiary of the City of Cupertino would be largely similar to merger of the two agencies as previously reported. The most notable difference to the disadvantages would be that the property tax revenue presently collected by RRRPD would be guaranteed to continue to be dedicated to recreation services in the community. The City would receive the property taxes and would be required to account for the activities associated with the District's functions separately from other city services. In the case of a merger between the two agencies, any additional property tax revenue received would go into the City's general fund and possibly be divided among the various municipal services offered.

This alternative should be the subject of additional study to determine the level of benefit in terms of services and anticipated costs and savings. The special study should also describe in more detail the process of a merger or becoming a subsidiary district. Prior to moving forward with this option, the City of Cupertino would need to be approached regarding interest in taking on the associated responsibilities.

Dissolution of the District and designating the City of Cupertino as the successor is essentially the same as merger with the City, which was discussed previously. No other suitable or potential successor agencies have been identified to continue services for the District should it be dissolved.

RANCHO RINCONADA RECREATION AND PARK DISTRICT SERVICE REVIEW DETERMINATIONS

Growth and Population Projections

- ❖ Rancho Rinconada Recreation and Park District's (RRRPD) population is approximately 3,983 based on GIS analysis of 2010 Census data.
- ❖ Minimal population growth is anticipated within the District's bounds, as the area is entirely built out. Should RRRPD experience growth similar to that anticipated for the City of Cupertino by the Association of Bay Area Governments, then the District is projected to have a population of 4,142 in 2035.

Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

- ❖ There are no disadvantaged unincorporated communities within or adjacent to the District.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- ❖ The District has limited facility and staffing capacity to address demand. The pool is small, which hinders the daily program offerings during the summer. Also, programming is greatly reliant on staff availability. Swim lessons are reportedly always filled to maximum capacity and the District must turn potential customers away. The District is working to expand swim lessons offered to meet constituent needs by making more efficient use of space, scheduling enhancements, and expanding staffing levels.
- ❖ Given the capacity limitations of the facility, and the need for the District to more efficiently make use of the space available, the District should conduct thorough tracking of use of the pool, during public swim, lap swimming, lessons, and swim team.
- ❖ The recreation center appears to be reasonably maintained. The District reports that there are no significant infrastructure needs related to services provided.
- ❖ The District provides a limited array of recreation services, primarily aquatic services. It is recommended that the District conduct a recreation needs assessment in conjunction with an assessment of the current facility use to determine the

interest of its residents in expanding the array of recreation services provided and availability of space for these services.

- ❖ The District does not conduct long-term planning for the delivery of services. The District has not adopted goals, objectives, or performance measures, and has not prepared a business plan to guide the efforts of the District. It is recommended that the District develop and adopt goals, objectives, and performance measures and prepare a business plan to provide direction for delivery of services by the District over the next three to five years.

Financial Ability of Agency to Provide Services

- ❖ The District appears to have sufficient financial resources to provide an adequate level of service. The District has been able to generate sufficient revenues to exceed expenditures in four of the past five fiscal years and maintains no long-term debt. However, the District is working to add additional programs to expand revenue sources and ensure sufficient funds in future years.
- ❖ The rates charged by the District for aquatic services appear to be lower than those charged by the neighboring Cities of Campbell and Cupertino for similar services. These low rates enhances the District's reliance on property tax revenue to provide services. It may be appropriate for the District to conduct a survey of fees charged by other similar service providers, and simultaneously develop a capital improvement plan to ensure that charges for services are sufficient to cover all potential capital needs. Additionally, the District should consider charging higher rates for non-residents, given that current rates are substantially lower than other providers, and property tax revenues from residents are in essence subsidizing services to non-residents.
- ❖ RRRPD has not compiled or adopted a capital improvement plan. It is recommended that all agencies have a multi-year capital improvement program, which may be used to identify timing and funding for the projects.
- ❖ It is recommended that the District clearly define and designate its reserves for contingencies and capital needs separate from its operating cash balance.

Status and Opportunities for Shared Facilities

- ❖ The District makes its facility available to the Registrar of Voters for biennial elections. No other opportunities for facility sharing with other public agencies were identified.

Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

- ❖ The District generally demonstrated accountability and transparency with regard to governance by adopting a mission statement as part of its bylaws, adopting an annual budget prior to the start of the fiscal year, publishing agendas for public meetings as legally required, filing of Form 700 Statement of Economic Interest and completion of ethics training by all board members, and by maintaining a website where information is made available to the public.
- ❖ Several improvements could be made to the District's operations in order to enhance accountability and transparency. The District should file a copy of its annual budget with the County Auditor as required by Government Code §53901. The Board of Directors should adopt a policy on expense reimbursements as part of their policies and administrative regulations. In order to enhance constituent interest and participation, the District could make use of advertisements in public newspapers and mail information to residents regarding the Board of Directors and district services.
- ❖ Possible governance structure alternatives with regard to RRRPD include 1) continued operations as an independent special district with efforts to improve upon long-term business and financial planning and accountability, 2) merger with the City of Cupertino, 3) establishment of the District as a subsidiary district of the City, or 4) dissolution of the District and identify successor agency other than the City of Cupertino.
- ❖ It is recommended that further analysis be conducted to identify and quantify the benefits of RRRPD becoming a subsidiary district of the City of Cupertino. Prior to moving forward with this option, discussions need to be held with the City of Cupertino to assess interest on the part of the City.

RANCHO RINCONADA RECREATION AND PARK DISTRICT SPHERE OF INFLUENCE UPDATE

Existing Sphere of Influence Boundary

RRRPD presently has a zero sphere of influence.

Recommended Sphere of Influence Boundary

Given the District’s duplication in services with the City of Cupertino, it is recommended that RRRPD continue to maintain a zero sphere of influence, indicating that the District should eventually not exist as an independent special district. In this case, it is recommended that the City of Cupertino and the District consider formation of RRRPD as a subsidiary district of the City. There are several potential advantages to these options as identified in the Governance Structure section of this chapter, but most importantly it minimizes duplication of services by two separate agencies allowing for coordinated recreation service offerings.

Proposed Sphere of Influence Determinations

The nature, location, extent, functions, and classes of services provided

- ❖ RRRPD provides all services via its single recreation facility. The maintenance and operation of this building and property, including delivery of recreation services at that facility, are the sole services provided by the District. The District offers the following recreation programs directly through district staff: swimming pool activities, Kids Night Out, after-school activities, facility and barbeque rentals, a snack bar, and a location for community-related activities.

Present and planned land uses in the area, including agricultural and open-space lands

- ❖ Land uses within the District are primarily residential with some public uses (the District’s recreation center and two parks).
- ❖ There are no agricultural or open space lands within the District’s bounds.

Present and probable need for public facilities and services in the area

- ❖ There is significant demand for the District’s services, and consequently, the District is generally at maximum capacity during the summer months for pool-related activities.

- ❖ Demand for the District's services is anticipated to continue as residents will likely have the sustained desire to learn how to swim and participate in swimming-related fitness activities.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

- ❖ The District has limited facility and staffing capacity to address demand. The pool is small, which hinders the daily program offerings during the summer. Also, programming is greatly reliant on staff availability. Swim lessons are reportedly always filled to maximum capacity and the District must turn potential customers away. The District is working to expand its offerings to meet constituent needs.
- ❖ The recreation center appears to be reasonably maintained. The District reports that there are no significant infrastructure needs related to services provided.
- ❖ The District provides a limited array of recreation services, primarily aquatic services. It is recommended that the District conduct a recreation needs assessment in conjunction with an assessment of the current facility use to determine the interest of its residents in expanding the array of recreation services provided and availability of space for these services.
- ❖ The District does not conduct long-term planning for the delivery of services. It is recommended that the District develop and adopt goals, objectives, and performance measures and prepare a business plan to provide direction for delivery of services by the District over the next three to five years.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

- ❖ The District entirely consists of territory within the City of Cupertino, with the exception of two park parcels that are within the City of San Jose.

MEMORANDUM

TO: Neelima Palacherla, Executive Officer

FROM: Mala Subramanian
Josh Nelson

DATE WRITTEN: May 1, 2013

RE: Removal of Memorial District Directors

Background

At its April 3, 2013 meeting, LAFCO Commissioners asked us to research whether the County Board of Supervisors had the authority to revoke its appointment of the Board of Directors (“Directors”) of a memorial district and what other options the County or LAFCO may have regarding the Directors short of a recall election. The Board of Supervisors does not have the authority to revoke its appointment of the Directors. The only available options short of recall for removing the Directors are removal for conviction of a crime or misconduct in office.

Analysis

In this case, the Board of Supervisors appointed the Directors because, after the district called its general election, they were the only candidates for their positions. Memorial districts are subject to the Uniform District Election Law. (Mil. & Vet. Code, § 1195.) This law permits the Board of Supervisors to appoint Directors if only one or less candidate for each available position has filed a declaration of candidacy by the 83rd day before the election. (Elec. Code, § 10515; cf. Mil. & Vet. Code, § 1195.2.) In fact, the Supervisors are required to appoint the qualified candidate and only retain the discretion to select the Director if there are fewer available candidates than positions. (Elec. Code, § 10515.) The voters may avoid this result by submitting a petition to the County signed by ten percent of the registered voters or fifty voters, whichever is less, requesting an election. Directors appointed or elected serve four-year terms. (Elec. Code, §§ 10505(d), 10507.) No provision of the Military and Veterans Code¹ or Elections Code permits the Board of Supervisors to revoke its appointment of a Director.

Based on the above, the Board of Supervisors cannot revoke its appointment of a Director. The law generally distinguishes between at will offices and offices with a fixed “term.” While the appointing party may revoke the former at anytime, it may not revoke its appointment of the latter. (See Gov. Code, § 1301; 94 Ops.Cal.Atty.Gen. 1 (2011).) Rather, unless the law specifically provides for removal, persons appointed for a fixed term may only be removed from office by recall, conviction of a crime or for official misconduct. (69 Ops.Cal.Atty.Gen. 126, *8-10 (1986).) Here, as the Elections Code provides that Directors serve a fixed four-year term without providing for removal, the Board of Supervisors cannot revoke its appointments.

Because removal by the Board of Supervisors is not an option, we wanted to outline some of the other removal options in the law, short of recall.² The Government Code permits officers to be removed for

¹ Memorial districts are organized under the Military and Veterans Code. (Mil. & Vet. Code, § 1170 *et seq.*)

² This is not an exhaustive list but the most common and applicable provisions for removing an officer. For example, Government Code section 3001 provides that state, county and city officers who are intoxicated while in discharge of official duties or otherwise unable to perform their duties are guilty of a misdemeanor. Upon conviction, they forfeit their

conviction of a felony or official misconduct. First, Government Code sections 1021 and 3000 provide that officers are removed from office if convicted of crimes as specified by the Constitution or other state law. The most common example is a felony or other crime involving a violation of the officer's official duties. (Gov. Code, § 1770(h); see generally Cal. Const., art. VII, § 8.) In these instances, the official is suspended from office upon the finding of guilt and removed from office upon the entry of the trial court judgment, even if the officer successfully appeals his or her conviction. (Gov. Code, §§ 1770, 1770.1, 1770.2.)

Second, Government Code section 3060 *et seq.* permits an officer to be removed for willful or corrupt misconduct.³ The statute has a special procedure for this which involves the grand jury accusing the officer. (Gov. Code, §§ 3060, 3061.) This accusation is forwarded to the officer and the district attorney. (Gov. Code, §§ 3062-3064.) The officer then has the option of denying the accusations and having a trial. If the officer refuses to defend him or herself or loses at trial, he or she is removed from office. (Gov. Code, §§ 3069, 3070.)

Conclusion

Because the Directors are appointed for a fixed term by the Board of Supervisors, the Board may not revoke their appointment. Rather, Directors may only be removed from office by recall, conviction of a qualifying crime or for official misconduct.

office. Of course, it is questionable whether this provision applies to "special district" officers. Similarly, offices are vacated if the official fails to perform his or her duties for a period of three months or more unless due to sickness or absence from the state with permission. (Gov. Code, § 1770(g).)

³ It is important to distinguish this procedure from the *quo warranto* procedures for determining whether an official properly holds office. (See Civ. Proc. Code, § 803.) A private third party may only bring this type of claim with the Attorney General's consent.

AGENDA ITEM # 5

**MORGAN HILL URBAN SERVICE AREA (USA) AMENDMENT 2012
MONTEREY – SOUTH OF WATSONVILLE**

The staff report was provided in the [April 3, 2013 Agenda Packet \(Item No. 4\)](#).

LAFCO MEETING: June 5, 2013
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: FINAL LAFCO BUDGET FOR FISCAL YEAR 2014

STAFF RECOMMENDATION

1. Adopt the Final LAFCO Budget for Fiscal Year 2013-2014. (Attachment A)
2. Find that the Final LAFCO Budget for Fiscal Year 2014 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final LAFCO Budget adopted by the Commission including the estimated agency costs to each of the cities, to the special districts, to the County, to the Cities Association and to the Special Districts Association.
4. Direct the County Auditor-Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

REVISIONS TO THE DRAFT / PRELIMINARY BUDGET

The Commission on April 3, 2013, adopted LAFCO's preliminary budget for Fiscal Year 2013-2014. The preliminary budget was prepared using the best information available at that time. Since then, more current information on projected employee salary / benefits costs has been made available by the County. The proposed final budget has been refined to reflect the latest available information. An amount of \$10,893 has been added to the projected employee salaries/benefits item, increasing the total allocated amount to \$432,087.

As a result of the above change, the net FY 2014 operating expenses in the proposed Final Budget are increased from \$598,004 to \$608,897, resulting in slightly higher costs to the agencies.

Despite the proposed increase in expenditures, overall expenditures budgeted for FY 2014 remain lower than expenditures in the adopted FY 2013 budget by approximately 2.75%.

COST APPORTIONMENT TO CITIES, DISTRICTS AND COUNTY

The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency's representation (excluding the public member) on the Commission. The LAFCO of Santa Clara County is composed of a public member, two County board members, two city council members, and since January 2013 — by two special district members. Government Code §56381(b)(1)(A) provides that when independent special districts are seated on LAFCO, the county, cities and districts must each provide a one-third share of LAFCO's operational budget.

Since the City of San Jose has permanent membership on LAFCO, as required by Government Code §56381.6(b), the City of San Jose's share of LAFCO costs must be in the same proportion as its member bears to the total membership on the commission, excluding the public member. Therefore in Santa Clara County, the City of San Jose pays one sixth and the remaining cities pay one sixth of LAFCO's operational costs. The remaining cities' share must be apportioned in proportion to each city's total revenue, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county.

Government Code Section 56381 provides that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Santa Clara County Special Districts Association (SDA), at its August 13, 2012 meeting, adopted an alternative formula for distributing the independent special districts' share to individual districts. The SDA's agreement requires each district's cost to be based on a fixed percentage of the total independent special districts' share.

LAFCO's net operating expenses for Fiscal Year 2014 is \$608,897.

Cost to Agencies

County of Santa Clara	\$202,966
City of San Jose	\$101,483
Remaining 14 Cities in the County	\$101,483
17 Independent Special Districts	\$202,966

A draft of the estimated apportionment of the FY 2014 costs to the individual cities and districts is included as **Attachment B**. Because special districts were seated on LAFCO in January 2013, the 17 independent special districts will be charged a pro-rated amount of the annual cost for the current Fiscal Year 2013. The County and the cities will receive a corresponding credit. The pro-rated costs /credits are depicted in **Attachment C**. The FY 2013 pro-rated costs for each agency will be added or credited to the agency's FY 2014 share of LAFCO cost.

BACKGROUND

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities, to the special districts and to the County. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. Government Code §56381(c) requires the County Auditor to request payment from the cities, special districts and the County no later than July 1 of each year for the amount each agency owes based on the net operating expenses of the Commission and the actual administrative costs incurred by the Auditor in apportioning costs and requesting payment.

ATTACHMENTS

- Attachment A: Proposed Final LAFCO Budget for Fiscal Year 2014
- Attachment B: Costs to Agencies Based on the Proposed Final Budget
- Attachment C: Pro-rated Costs / Credits to Agencies for FY 2013

**FINAL LAFCO BUDGET
FISCAL YEAR 2013 - 2014**

**ITEM # 6
Attachment A**

ITEM # TITLE	APPROVED FY 2013 BUDGET	ACTUALS Year to Date 2/13/2013	YEAR END PROJECTIONS 2013	FINAL FY 2014 BUDGET
EXPENDITURES				
Object 1: Salary and Benefits	\$392,182	\$244,050	\$408,672	\$432,087
Object 2: Services and Supplies				
5258200 Intra-County Professional	\$55,000	\$2,882	\$10,000	\$45,000
5255800 Legal Counsel	\$55,000	\$31,707	\$55,000	\$57,000
5255500 Consultant Services	\$120,000	\$24,434	\$100,000	\$100,000
5285700 Meal Claims	\$750	\$88	\$400	\$750
5220200 Insurance	\$5,600	\$4,182	\$5,600	\$5,600
5250100 Office Expenses	\$2,000	\$67	\$2,000	\$2,000
5255650 Data Processing Services	\$2,700	\$1,247	\$2,700	\$2,700
5225500 Commissioners' Fee	\$7,000	\$1,400	\$6,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$112	\$1,000	\$2,500
5245100 Membership Dues	\$7,154	\$7,154	\$7,154	\$7,319
5250750 Printing and Reproduction	\$1,500	\$0	\$500	\$1,500
5285800 Business Travel	\$11,000	\$3,235	\$8,000	\$15,000
5285300 Private Automobile Mileage	\$2,000	\$30	\$1,000	\$2,000
5285200 Transportation&Travel (County Car Usage)	\$1,088	\$231	\$1,000	\$1,088
5281600 Overhead	\$43,133	\$21,567	\$43,133	\$43,473
5275200 Computer Hardware	\$2,000	\$0	\$2,000	\$11,000
5250800 Computer Software	\$2,000	\$3,114	\$3,500	\$2,500
5250250 Postage	\$2,000	\$316	\$1,000	\$2,000
5252100 Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000 Reserves	\$50,000	\$0	\$0	\$0
TOTAL EXPENDITURES	\$766,607	\$345,816	\$659,659	\$745,517
REVENUES				
4103400 Application Fees	\$25,000	\$37,437	\$40,000	\$25,000
4301100 Interest: Deposits and Investments	\$5,000	\$2,163	\$4,500	\$5,000
Savings/Fund Balance from previous FY	\$173,047	\$208,219	\$208,219	\$106,620
TOTAL REVENUE	\$203,047	\$247,819	\$252,719	\$136,620
NET LAFCO OPERATING EXPENSES	\$563,560	\$97,997	\$406,940	\$608,897
3400800 RESERVES	\$100,000	\$150,000	\$150,000	\$150,000
COSTS TO AGENCIES				
4600100 Cities (San Jose 50% + Other Cities 50%)	\$281,780	\$281,780	\$281,780	\$202,966
5440200 County	\$281,780	\$281,780	\$281,780	\$202,966
Special Districts				\$202,966

LAFCO COST APPORTIONMENT: County, Cities, Special Districts
Costs to Agencies Based on the Final 2014 LAFCO Budget

ITEM # 6
Attachment B

LAFCO Net Operating Expenses for 2014				\$608,897
Jurisdictions	Revenue per 2010/2011 Report	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	33.3333333%	\$202,965.67
Cities Total Share			33.3333333%	\$202,965.67
San Jose	N/A	N/A	50.0000000%	\$101,482.83
Other cities share			50.0000000%	\$101,482.83
Campbell	\$40,087,404	2.1493629%		\$2,181.23
Cupertino	\$54,124,686	2.9019987%		\$2,945.03
Gilroy	\$130,123,837	6.9768386%		\$7,080.29
Los Altos	\$36,959,656	1.9816627%		\$2,011.05
Los Altos Hills	\$9,460,965	0.5072677%		\$514.79
Los Gatos	\$35,312,778	1.8933622%		\$1,921.44
Milpitas	\$94,169,561	5.0490813%		\$5,123.95
Monte Sereno	\$2,527,948	0.1355408%		\$137.55
Morgan Hill	\$47,971,760	2.5720977%		\$2,610.24
Mountain View	\$162,285,614	8.7012539%		\$8,830.28
Palo Alto	\$412,252,000	22.1036802%		\$22,431.44
Santa Clara	\$535,623,958	28.7185039%		\$29,144.35
Saratoga	\$20,280,804	1.0873941%		\$1,103.52
Sunnyvale	\$283,902,115	15.2219554%		\$15,447.67
Total Cities (excluding San Jose)	\$1,865,083,086	100.0000000%		\$101,482.83
Total Cities (including San Jose)				\$202,965.67
Special Districts Total Share			33.3333333%	\$202,965.67
Aldercroft Heights County Water District		0.06233%		\$126.51
Burbank Sanitary District		0.15593%		\$316.48
Cupertino Sanitary District		2.64110%		\$5,360.53
El Camino Hospital District		4.90738%		\$9,960.30
Guadalupe Coyote Resource Cons. District		0.04860%		\$98.64
Lake Canyon Community Services District		0.02206%		\$44.77
Lion's Gate Community Services District		0.22053%		\$447.60
Loma Prieta Resource Cons. District		0.02020%		\$41.00
Midpeninsula Regional Open Space District		5.76378%		\$11,698.49
Purissima Hills County Water District		1.35427%		\$2,748.70
Rancho Rinconada Rec. and Park District		0.15988%		\$324.50
San Martin County Water District		0.04431%		\$89.93
Santa Clara County Open Space District		1.27051%		\$2,578.70
Santa Clara Valley Water District		81.44126%		\$165,297.80
Saratoga Cemetery District		0.32078%		\$651.07
Saratoga Fire Protection District		1.52956%		\$3,104.48
South Santa Clara Valley Memorial District		0.03752%		\$76.15
Total Special Districts		100.00000%		\$202,965.67
Total Allocated Costs				\$608,897.01

Revised 2012/2013 LAFCO COST APPORTIONMENT

Jurisdictions	Original				Revised				Additional Charges/ (Refund)	
	LAFCO Net Operating Expenses for 2013		LAFCO Net Operating Expenses for 2013		1st Half of FY2012-13		2nd Half of FY2012-13			Total
	Revenue per 2009/2010 Report	Percentage of Total Revenue	Allocation Percentages	Allocated Costs	Allocated Amount Percentages	Allocated Amount Percentages	Allocated Amount Percentages	Total		\$
County	N/A	N/A	50.00000000%	\$281,780.00	50.00000000%	140,890.00	33.33333333%	93,926.67	234,816.67	(\$46,963.33)
Cities										
San Jose	N/A	N/A	25.00000000%	\$140,890.00	50.00000000%	140,890.00	33.33333333%	93,926.67	234,816.67	(23,481.67)
Campbell	\$37,199,184	2.0182051%	0.5045513%	\$2,843.45	0.5045513%	70,445.00	16.6666667%	46,963.33	117,408.33	(473.91)
Cupertino	\$51,593,772	2.7991693%	0.6997923%	\$3,943.75	0.6997923%	1,421.72	0.3363668%	947.82	2,369.54	(657.29)
Gilroy	\$65,499,455	3.536085%	0.8884021%	\$5,006.68	0.8884021%	1,971.87	0.466528%	1,314.58	3,286.46	(834.45)
Los Altos	\$37,223,642	2.0195321%	0.5048830%	\$2,845.32	0.5048830%	2,503.34	0.592268%	1,668.89	4,172.23	(474.22)
Los Altos Hills	\$10,074,345	0.5465737%	0.1366434%	\$770.07	0.1366434%	1,422.66	0.336589%	948.44	2,371.10	(128.34)
Los Gatos	\$50,773,160	2.7546478%	0.6886620%	\$3,881.02	0.6886620%	1,940.51	0.459108%	1,293.67	3,234.19	(646.84)
Milpitas	\$94,121,506	5.1064697%	1.2766174%	\$7,194.51	1.2766174%	3,597.25	0.851078%	2,398.17	5,995.42	(1,199.08)
Monte Sereno	\$2,604,662	0.1413134%	0.0353283%	\$199.10	0.0353283%	99.55	0.023552%	66.37	165.91	(33.18)
Morgan Hill	\$47,513,050	2.5777738%	0.6444434%	\$3,631.83	0.6444434%	1,815.91	0.429629%	1,210.61	3,026.52	(605.30)
Mountain View	\$163,494,125	8.8702129%	2.2175532%	\$12,497.24	2.2175532%	6,248.62	1.478369%	4,165.75	10,414.37	(2,082.87)
Palo Alto	\$491,995,000	26.6927047%	6.6731762%	\$37,607.35	6.6731762%	18,803.68	4.448784%	12,535.78	31,339.46	(6,267.89)
Santa Clara	\$478,854,381	25.9797733%	6.4949433%	\$36,602.90	6.4949433%	18,301.45	4.329962%	12,200.97	30,502.42	(6,100.48)
Saratoga	\$18,947,298	1.0279670%	0.2569918%	\$1,448.30	0.2569918%	724.15	0.171328%	482.77	1,206.92	(241.38)
Sunnyvale	\$293,287,941	15.9120487%	3.9780122%	\$22,418.49	3.9780122%	11,209.24	2.652008%	7,472.83	18,682.07	(3,736.41)
Cities Total				\$281,780.00		140,890.00		93,926.67	234,816.67	(46,963.33)
Total	\$1,843,181,521	100.0000000%	100.0000000%	\$563,560.00						
Total Cities (excluding San Jose)										
Special Districts Total Share										
Aldercroft Heights County Water District								93,926.67	93,926.67	58.54
Burbank Sanitary District								58.54	58.54	146.46
Cupertino Sanitary District								146.46	146.46	2,480.70
El Camino Hospital District								2,480.70	2,480.70	4,609.34
Guadalupe Coyote Resource Cons. District								4,609.34	4,609.34	45.65
Lake Canyon Community Services District								45.65	45.65	20.72
Lion's Gate Community Services District								20.72	20.72	207.14
Loma Prieta Resource Cons. District								207.14	207.14	18.97
Midpeninsula Regional Open Space District								18.97	18.97	5,413.73
Purissima Hills County Water District								5,413.73	5,413.73	1,272.02
Rancho Rinconada Rec. and Park District								1,272.02	1,272.02	150.17
San Martin County Water District [I]								150.17	150.17	41.62
Santa Clara County Open Space District								41.62	41.62	1,193.35
Santa Clara Valley Water District								1,193.35	1,193.35	76,495.06
Saratoga Cemetery District								76,495.06	76,495.06	301.30
Saratoga Fire Protection District								301.30	301.30	1,436.66
South Santa Clara Valley Memorial District								1,436.66	1,436.66	35.24
Total Special Districts								93,926.67	93,926.67	
Total						281,780.00		281,780.00	563,560.00	-

LAFCO MEETING: June 5, 2013
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Emmanuel Abello, LAFCO Clerk
SUBJECT: ELECTRONIC AGENDA PACKETS FOR LAFCO

STAFF RECOMMENDATION

1. Adopt policies (Attachment A) related to use of LAFCO issued electronic devices, such as iPads, in order to address potential issues associated with the use of this technology and equipment.
2. Authorize the purchase of iPads for LAFCO staff and interested commissioners to be used for accessing electronic agenda packets and other LAFCO meeting materials, as necessary.

BENEFITS OF ELECTRONIC LAFCO AGENDA PACKETS

Staff currently prepares 17 paper copies of the agenda packet for each LAFCO meeting. Twelve of these copies are mailed or hand delivered to the commissioners; the others are for staff use and for public record. The current annual cost to produce and distribute the paper copies of the LAFCO agenda packet is approximately \$6,361. By comparison, the annual cost to produce electronic agenda packets is approximately \$1,489 (assuming two paper copies are made for the public), and the one-time purchase cost for 15 iPads and accessories is approximately \$8,505, for a total of \$9,994. The average lifespan of an iPad is 4 years. Therefore the estimated net 4-year cost savings is approximately \$10,983. Please see Attachment B for detailed costs analysis. Electronic LAFCO agenda packets will be less costly and will allow for a more efficient and environmentally-friendly agenda distribution process.

PROCESS FOR DISTRIBUTION, ACCESS AND USE OF ELECTRONIC AGENDA PACKETS

Staff has conducted some preliminary tests on the process for accessing electronic agenda packets on iPads. The process generally involves the following steps:

1. Staff notifies commissioners via email that the LAFCO agenda packet is available on the LAFCO website

2. Commissioners download the agenda packet to their LAFCO issued iPad or other personal device. Once downloaded onto the device, there will be no need for the commissioners to have WI-FI connection in order to read or mark up the packet.
3. Commissioners use a program (such as iAnnotate) to read and annotate their electronic agenda packet. The program has the functionality to allow users to mark up the reports just as they would mark up their paper copies (i.e. highlight and circle text, handwrite and type notes, etc.). In addition, users will be able to search text, bookmark pages and save their annotated files with the program.

Staff will configure the LAFCO issued iPads, load the necessary software, prepare step-by-step instructions, conduct hands-on training and provide ongoing support and assistance to commissioners.

POLICIES TO ADDRESS ISSUES ASSOCIATED WITH PROPOSED TECHNOLOGY

Staff recommends that the Commission adopt policies (Attachment A) addressing potential issues associated with use of LAFCO issued electronic devices. The policies address issues such as allowed and prohibited use of the LAFCO issued electronic devices; compliance with the Brown Act and applicable laws in the use of the electronic devices; responsibilities to protect against damage to the devices; and use of personal devices for LAFCO business.

The recommended policies were developed in consultation with LAFCO Legal Counsel, using relevant best practices and policies adopted by other local agencies including the City of Mountain View, City of Palo Alto, Orange County LAFCO, and County of Santa Clara. Once adopted, staff and commissioners are expected to use LAFCO issued electronic devices in a manner consistent with these policies.

BACKGROUND

LAFCO's Finance Committee, consisting of Commissioners Constant, Hall, and Wasserman met on March 18, 2013 and recommended the implementation of electronic agenda packets for staff and interested commissioners who would receive the packet electronically on LAFCO purchased iPads or personal tablets. The Committee also directed staff to research any potential issues with the use of this technology, equipment or process and prepare policies as necessary. The Fiscal Year 2014 LAFCO budget includes funds allocated for the purchase of iPads and associated software and accessories.

NEXT STEPS

Upon authorization, staff will survey commissioners to determine their interest and purchase the required number of iPads, software, and accessories. Staff will then configure the iPads, install the necessary software, and conduct a training session for interested commissioners on how to use the iPads and iAnnotate software to download, view, mark up, and save LAFCO agenda packets.

Staff suggests that one or two interested commissioners and staff do a trial run of the process and technology for the August 7, 2013 LAFCO meeting in order to address any unforeseen issues. It is anticipated that all interested commissioners will be able to transition to this process and technology by the October 2, 2013 LAFCO meeting. For those commissioners that are not interested in receiving iPads for accessing LAFCO agenda packets, staff will provide a hard copy in the mail.

ATTACHMENTS

- Attachment A: Proposed Policies for Use of LAFCO Issued Electronic Devices
- Attachment B: Cost Analysis of Paper LAFCO Packets vs. Electronic Packets

POLICIES FOR USE OF LAFCO ISSUED ELECTRONIC DEVICES

The purpose of these policies is to provide direction regarding the appropriate use of electronic devices, such as iPads, issued by LAFCO. LAFCO of Santa Clara County provides electronic devices to staff and interested commissioners in order to implement programs such as an electronic agenda packet which reduce cost, save time and benefit the environment. It is the responsibility of every user of the devices to ensure that he or she is in compliance with these policies.

1. Devices, such as iPads, issued by LAFCO are the property of LAFCO.
2. Staff and commissioners must return LAFCO issued devices and accessories to LAFCO at the conclusion of their employment or term on LAFCO.
3. Personal iPads, tablets or similar devices used for LAFCO business are the sole responsibility of the user and will not be supported by LAFCO staff. Staff or commissioners using a non-supported device are responsible for configuring their own device.
4. LAFCO issued devices must be used primarily for LAFCO business.
5. Commissioners may use these devices to conduct the business of another public agency so long as the commissioner serves on the elected or appointed body of that specific public agency.
6. Staff and commissioners shall not use devices in any way that would violate the open public meeting requirements of the Brown Act, the regulations prohibiting use of public funds for campaign purposes, or other applicable laws.
7. Information on devices used for LAFCO business may be subject to the provisions of the Public Records Act.
8. Staff and commissioners are prohibited from using devices for:
 - a. Personal use other than on an occasional or incidental basis
 - b. Any illegal, illicit, improper, unprofessional or unethical activity or any activity that is harassing, discriminatory, or defamatory in any way
 - c. Personal profit, including conducting or pursuing their own business interests or those of another organization
9. Devices must be password protected in order to protect them from unauthorized access and tampering.
10. Staff and commissioners must take appropriate measures to ensure that devices are protected against damage, loss, theft, and security breaches.
11. Damage, loss, theft, or security breaches of devices must be reported immediately to the LAFCO Executive Officer.

Adopted _____

COST ANALYSIS OF PAPER AGENDA PACKETS VS. ELECTRONIC PACKETS

ASSUMPTIONS

Number of Agenda Packets per Meeting	17
Number of LAFCO Meetings per Year	6
Average Number of Pages per Agenda Packet	195

Cost per Paper Packet

Paper (\$0.02 x 195 pages)	\$3.90
Printing (\$0.02 x 195 pages)	\$3.90
Other Supplies (envelopes, tabs and labels)	\$0.32
	<u>\$8.12</u>
Postage per Agenda Packet	\$5.80

ANNUAL COST OF PAPER AGENDA PACKETS

17 Agenda Packets @ \$8.12/packet	\$138.04
Postage (\$5.80 x 9 packets)	\$52.20
Staff Time (Clerk, 7.5 hours)	\$870.00
Cost per LAFCO Meeting	<u>\$1,060.24</u> Per Meeting
	x 6 Meetings
Annual Cost	\$6,361.44 Per Year

ANNUAL COST OF ELECTRONIC AGENDA PACKETS VIA IPAD

2 Agenda Packets @ \$8.12/packet	\$16.24
Staff Time (Clerk, 2 hours)	\$232.00
Cost per LAFCO Meeting	<u>\$248.24</u> Per Meeting
	x 6 Meetings
Annual Cost	\$1,489.44 Per Year

One-Time Equipment Acquisition Cost

15 iPads @ \$500.00/unit	\$7,500.00
15 iAnnotate apps @ \$10/unit	\$150.00
15 styli @ \$12.00/piece	\$180.00
15 iPad cases @ \$45.00/piece	\$675.00
Total One-Time Cost	\$8,505.00

PROJECTED SAVINGS

Annual Cost of Paper Agenda Packets	\$6,361.44
Less: Annual Cost of Electronic Agenda Packet	\$1,489.44
Annual Cost Savings	\$4,872.00
Expected lifetime for an iPad	4 years
4-Year Cumulative Cost Savings	\$19,488.00
Less : One-Time Equipment Acquisition Cost	\$8,505.00
NET 4-YEAR COST SAVINGS	\$10,983.00



LAFCO MEETING: June 5, 2013
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: EL CAMINO HEALTHCARE DISTRICT

8.1 LEGISLATIVE COUNSEL’S OPINION REGARDING APPLICABILITY OF GANN APPROPRIATIONS LIMIT TO HEALTH CARE DISTRICTS

Recommendation

Accept report and provide direction to staff, as necessary

Discussion

LAFCO Counsel has reviewed the Legislative Counsel’s opinion on the applicability of the Gann Appropriations limit (GAL) to healthcare districts and based on that opinion has concluded that the El Camino Healthcare District is subject to limits on its appropriations of certain sources of revenue. **Please see attached memo (Attachment A) from LAFCO Legal Counsel.**

As next steps in addressing this issue, LAFCO may consider seeking an AG opinion on the matter in order to have more resolution of the issue, as discussed by the Commission at its April 3, 2013 meeting.

Additionally, since the El Camino Healthcare District regularly exceeds and will continue to exceed its GAL limit, it may be appropriate for the District to consider (1) amending its GAL to better reflect the revenues it receives, (2) using its revenue for other expenditures (such as paying off debt) that are exempt from the GAL, and that would provide more direct benefit to the district’s residents or (3) returning excess funds to its tax payers.

8.2 UPDATE ON EL CAMINO HEALTHCARE DISTRICT’S IMPLEMENTATION OF THE RECOMMENDATIONS IN LAFCO’S AUDIT AND SERVICE REVIEW OF THE DISTRICT

For Information Only

On May 7, 2013, the El Camino Healthcare District submitted its response (**Attachment B**) to LAFCO recommendations related to the Audit and Service Review of the District. No action will be taken on this item at this time. LAFCO staff will review this

information and prepare a report for the Commission's consideration at the August 7, 2013 LAFCO meeting.

ATTACHMENTS

- Attachment A: Memo From Mala Subramanian, LAFCO Legal Counsel, dated April 15, 2013 regarding Legislative Counsel Bureau Opinion Regarding Application of Gann Limit to Health Care Districts
- Attachment B: El Camino Healthcare District's Response to LAFCO Requests Related to 2012 Audit and Service Review



MEMORANDUM

TO: LOCAL AGENCY FORMATION COMMISSION OF SANTA CLARA COUNTY
FROM: MALA SUBRAMANIAN, GENERAL COUNSEL
DATE WRITTEN: APRIL 15, 2013
RE: LEGISLATIVE COUNSEL BUREAU OPINION REGARDING APPLICATION OF GANN LIMIT TO HEALTH CARE DISTRICTS

Background

On March 14, 2013, the Legislative Counsel Bureau (“Bureau”) drafted an opinion titled “Gann Limit: Health Care District - # 1301612” (“Opinion”) regarding whether a health care district, organized under the Local Health Care District Law, is subject to the spending limitation imposed by article XIII B of the California Constitution. This Opinion was prompted by requests to clarify whether article XIII B applies to health care districts in California; at present, some California health care districts in California set appropriation limits for themselves in accordance with article XIII B while others assert that health care districts are not subject to article XIII B. You have asked for further analysis of the Bureau’s Opinion and how the Opinion applies to the El Camino Hospital District (“District”).

Analysis

1. The Gann Limit And Special Districts

In November 1979, California voters passed Proposition 4, which created article XIII B of the California Constitution, and imposed a limit on most state and local government expenditures from tax sources. This limit is often called the “Gann Limit.” The Gann Limit is calculated annually according to a formula based on the amount of revenue from the proceeds of taxes that the state or local government entity appropriated in the prior fiscal year, adjusted for change in population and the cost of living; when the Gann Limit is exceeded, the surplus must be returned to the taxpayers within two years. (Cal. Const., art. XIII B, §§ 1-3.)

A “local government entity” is defined for purposes of the Gann Limit as including special districts in California. (Cal. Const., art. XIII B, § 8, subds. (b)-(d); Gov. Code, § 7901, subd. (e).) The uncertainty about health care districts arises from the fact that the creation of a health care district is specifically authorized under the Local Health Care District Law. (See Health & Saf. Code, § 32000 et seq.) It has been unclear if, under article XIII B and the implementation of article XIII B in the Government Code, health care districts are distinct from the other special districts in the state that are subject to appropriation limits.

The Bureau’s Opinion states a health care district is considered a special district that is subject to the Gann Limit. The Bureau explains that appropriation limits apply to health care districts



because the Local Health Care District Law “authorizes the creation of a type of special district known as a local health care district.” (Ops. Cal. Legis. Counsel, No. 1301612 (March 14, 2013) p. 2.) Unfortunately, the Bureau offers no additional explanation or support for how it came to its conclusion.

For those health care districts that have been operating under the assumption that the Gann Limit does not apply to health care districts, there may be significant issues with now calculating a Gann Limit for those districts and ensuring their appropriations are kept below that limit. As we understand it, El Camino Hospital District currently calculates a Gann Limit for its annual appropriations. Therefore, the Bureau’s Opinion should have a minimal impact, if any, on the District’s future calculations of its appropriation limit.

2. Determining Appropriations Subject To The Gann Limit

Because the Bureau concludes that health care districts are considered special districts subject to the Gann Limit, the second half of the Opinion describes as noted below what types of revenue collected by health care districts are subject to appropriation limits.

a. Gann Limit Exemptions

Special districts are exempt from the Gann Limit in two circumstances: 1) If the special district existed on January 1, 1978 and did not as part of the 1977-1978 fiscal year levy an ad valorem tax on property in excess of 12 ½ cents per \$100 of assessed value, or 2) If the special district is completely funded by revenues other than the proceeds of taxes. (Cal. Const., art. XIII B, § 9, subd. (c); Gov. Code, § 7901, subd. (e).) As we understand it, neither of these exemptions are applicable to the District; therefore, the Gann Limit applies to the District.

b. Determining Appropriations Subject To Gann Limit

If the Gann Limit applies to a special district, then, according to the Bureau, the following sources of revenue are subject to the appropriations limit for that special district:

- Revenue from an ad valorem property tax collected by the county and distributed to the special district; revenue earned by the investment of tax revenues; and revenue from state subventions . (Cal. Const., art. XIII B, § 8, subd. (b).)
- Revenue from a special tax levied for a specific purpose by the special district. (Ops. Cal. Legis. Counsel, No. 1301612 (March 14, 2013) p. 7.)
- Revenue from any excessive regulatory license fees and user charges or fees. (Cal. Const., art. XIII B, § 8, subd. (c).)

The total amount of revenue from these sources must be less than the determined appropriation limit for the special district in that fiscal year.

There are also some revenues sources or uses that are not subject to a special district’s Gann



Limit. A special district's appropriation of revenue from the following specific sources or for the following reasons is not subject to the Gann Limit:

- The appropriation of revenue to pay the principal and interest of certain types of indebtedness. (Cal. Const., art. XIIB, § 8, subd. (g), § 9, subd. (a).)
- The appropriation of revenue earned from a special assessment. (Ops. Cal. Legis. Counsel, No. 1301612 (March 14, 2013) p. 8.)
- Subventions from the state to reimburse the special district for the costs of a state-mandated new program or increased level of service. (Cal. Const., art. XIIB, § 6.)

Conclusion

According to the Bureau, health care districts are special districts under article XIIB of the California Constitution, and therefore, El Camino Hospital District is subject to limits on its appropriations of certain sources of revenue. The District already limits its appropriations according to its Gann Limit, which as of July 11, 2012, was calculated at \$21.2 million. (Harvey M. Rose Associates, LLC, "Audit and Service Review of the El Camino Hospital District," July 11, 2012, p. 6-2.) Assuming that the District complies with the requirements of article XIIB in determining which appropriations are subject to the Gann Limit, the Bureau's Opinion should not affect the District.



ITEM # 8
Attachment B

2500 Grant Road
Mountain View, CA 94040
Phone: 650-962-5853
www.elcaminohospitaldistrict.org

BOARD OF DIRECTORS

Dennis W. Chiu, JD
Patricia A. Einarson, MD, MBA
Julia E. Miller
David Reeder
John L. Zoglin

ECHD – LAFCo Response

May 7th, 2013



2500 Grant Road
Mountain View, CA 94040
Phone: 650-962-5853
www.elcaminohospitaldistrict.org

May 7, 2013

Santa Clara County Local Agency Formation Commission
70 West Hedding Street
11th Floor, East Wing
San Jose, CA 95110
Attention: Chairperson Mike Wasserman and Honorable Commissioners

BOARD OF DIRECTORS

Dennis W. Chiu, JD
Patricia A. Einarson, MD, MBA
Julia E. Miller
David Reeder
John L. Zoglin

Re: El Camino Healthcare District Response to LAFCo Requests Related to 2012 Audit and Service Review

To LAFCo Commissioners:

The Board of Directors of the El Camino Healthcare District (formerly known as the El Camino Hospital District) is pleased to share the attached report detailing the District's plan to implement improvements to governance, accountability and transparency based on the LAFCo Service Review recommendations.

The LAFCo service review process prompted us to examine every aspect of our governance, accountability and communications in a rigorous and comprehensive way, and we are a better organization for it. Most importantly, we believe these changes will better connect us with the communities and individuals our hospital has been committed to serve for over 50 years. The Board of Directors of El Camino Healthcare District understands that the quality and transparency of our governance is an integral part of our core mission to provide exemplary health care and community benefit programs which truly serve the needs of individuals and families in the District.

The attached report details the actions we have taken to implement the recommendations of LAFCo. These actions, and other related improvements in the past year, include:

- A review of the governance and organization processes of the Healthcare District and the Hospital Corporation, which led to an expansion of the Hospital Corporation Board of Directors to nine individuals, as well as the addition of 21 new members who are spread out among the Hospital Corporation's Finance, Governance, Corporate Compliance/Privacy & Audit, Investments, Executive Compensation, and the Quality Patient Care & Patient Experience Committees who bring a breadth and depth of subject-matter expertise and community connection. The expansion of the Hospital Corporation Board and the new committee structure further distinguishes the composition of the Boards.
- District Board agendas and meeting materials are posted to the District's web site. Also, Hospital Corporation Board agendas and materials are posted to the Hospital Corporation web site, and soon Hospital Corporation committee agendas and materials will also be posted to the Hospital Corporation web site.
- Creation of a process to provide District stand-alone supplemental schedules in the consolidated financial statements and to post preliminary and final District budgets on the District web site as future budgets are developed, to inform and invite greater public input in the budget planning process.
- A review and clarification of the District's policy for funding of capital and reserve policies.
- An examination and explanation of the rigorous oversight, administration and reporting process used by our community benefit program and the role of the Community Benefit Advisory Council.
- Establishment of a separate District bank account for District tax revenues, which will allow the District to make Community Benefit program disbursements directly to recipients.

Dedicated to improving the health and well being of the people in our community.

- Creation of a Statement of Work under the existing Management Services Agreement between the Hospital and District to ensure that each person providing services to the District has clearly defined roles and responsibilities.
- Creation of a separate District web site and other communications materials which clearly delineate the structure and roles of the Healthcare District and the Hospital Corporation.
- Ongoing work to rename and rebrand the "El Camino Hospital District" as the "El Camino Healthcare District" to further distinguish it from the Hospital Corporation.

In addition, since the LAFCo Service Review was approved, two new members have been elected to the District Board of Directors who add valuable expertise, new ideas, and community knowledge to our organization.

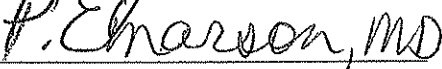
The attached report provides further details and corresponding documents related to the LAFCo recommendations. We welcome your questions and guidance.

Regards,

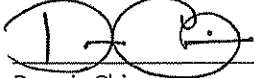
The El Camino Healthcare District Board of Directors:



John Zoglin, Chairman



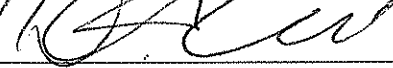
Patricia Einarson, MD, Vice Chair



Dennis Chiu



Julia Miller



David Reeder

cc: Vice-Chairperson Susan Viçklund Wilson
Commissioner Pete Constant
Commissioner Sequoia Hall
Commissioner Margaret Abe-Koga
Commissioner Linda J. Lezotte
Neelima Palacherla, LAFCo Executive Officer
Emmanuel Abello, LAFCo Clerk
Malathy Subramanian, LAFCo Counsel

EL CAMINO HEALTHCARE DISTRICT
RESPONSES
TO
SANTA CLARA COUNTY LOCAL AGENCY FORMATION COMMISSION
REQUESTS
RELATED TO
2012 AUDIT AND SERVICE REVIEW OF THE EL CAMINO HOSPITAL DISTRICT
(NOW EL CAMINO HEALTHCARE DISTRICT)

DATED: May 7, 2013

**EL CAMINO HEALTHCARE DISTRICT RESPONSES
TO
SANTA CLARA COUNTY LOCAL AGENCY FORMATION COMMISSION
REQUESTS RELATED TO
2012 AUDIT AND SERVICE REVIEW OF THE EL CAMINO HOSPITAL DISTRICT
(NOW EL CAMINO HEALTHCARE DISTRICT)**

This document is being submitted by the El Camino Healthcare District (formerly known as the El Camino Hospital District, and referred to herein as the “District”) in response to Santa Clara County Local Agency Formation Commission (“LAFCo”) Resolution No. 2012-05 (the “Resolution”) passed and adopted by LAFCo on August 1, 2012. Specifically, Section 6 of the Resolution includes LAFCo requests to the District. The requests from Section 6 of the Resolution, and the District’s responses thereto, are set forth below.

LAFCo Resolution Section 6, Request (a) #1 (Part 1): Request that the District limit its financial contributions to El Camino Hospital Corporation (the “Corporation” or the “Hospital Corporation”) to payments for principal and interest on debt incurred by the District for the El Camino Hospital Mountain View Rebuild (i.e., a balance of \$143.8 million in General Obligation Bonds). In addition, request that the District cease all automatic contributions to the El Camino Hospital Corporation to support the Hospital capital improvement program or be used as a general revenue source.

District Response: The District agrees with the recommendation that there will be no automatic contributions to the Hospital Corporation to support the Hospital capital improvement program or be used as a general revenue source. District revenues will continue to be used to make payments for principal and interest on debt incurred by the District for the El Camino Hospital Mountain View Rebuild (i.e., a balance of \$143.8 million in General Obligation Bonds). In addition, to the extent approved by the District Board at a public District Board meeting, District revenues may continue to be contributed to the Hospital Corporation: (i) for capital improvements for the Mountain View Hospital or other facilities within the District, or (ii) for Hospital Corporation community benefit programs that have applied for and been selected to receive District community benefit grants following all of the same procedures and selection criteria applicable to other community benefit program applicants (as discussed further below in response to LAFCo Resolution Section 6, Request (a), #2), to the extent the District Board determines that such use of District funds best serves the District and the people served by the District.

District Resolutions 2013-01 and 2013-02, and the District Financial Reserves Policy, provide that other than (a) tax receipts committed to a specific purpose such as the payment of debt and (b) transfers to El Camino Hospital Corporation made for uses consistent with the Gann appropriations limit, District net receipts are to be retained by and managed exclusively by the District.

Please see the following documents referred to in this response which are attached hereto and incorporated herein by this reference:

Attachment 1: Santa Clara County LAFCo Resolution No. 2012-05

Attachment 2: District Resolution 2013-01

Attachment 3 District Resolution 2013-02

Attachment 4 District Financial Reserves Policy

LAFCo Resolution Section 6, Request (a), # 1 (Part II): LAFCo has directed staff to obtain an opinion from the California Attorney General considering whether the Gann appropriations limit applies to health care districts. LAFCo proposes that if the Gann appropriations limit does not apply to health care districts, then the District should dedicate all funds to community benefit programs “that more directly benefit residents of the District.”

District Response: The District agrees that, to the extent the California Attorney General opines that the Gann appropriations limit does not apply to health care districts, then the District Board’s discretion with respect to use of District tax revenues will be expanded so that none of the revenues will be required to be used for capital expenditures.

Should such an opinion be issued, the District will consider the matter and determine, as is the District Board’s statutory obligation, the best use for the District’s funds. While the District Board cannot agree to limit its discretion and commit future District tax revenues to specific community benefit programs, the District does agree to continue to exercise its responsibilities to ensure that funds are spent in ways that the District believes best provide health benefits to the District and people served by the District. The District Board will also continue to ensure that any capital improvement projects that receive District funds will be for benefit of the District and the people served by the District.

District Resolution 2013-01 (i.e., **Attachment 2** to this document) sets forth the District’s intent to continue to comply with the requirements of the Gann appropriations limit unless and until the Attorney General of the State of California opines that the Gann appropriations limit does not apply to the District or legislation is enacted which makes clear that this constitutional and statutory requirement does not apply to the District.

LAFCo Resolution Section 6, Request (a), # 2: Request that the District cease all automatic payments to the El Camino Hospital Corporation or its affiliates to support the Corporation's community benefit program and divert these funds to other programs that more directly benefit the residents of the District. Under this approach, the District Board should consider establishing a Community Benefit Trust Fund for the purpose of awarding District funded community benefit grants to public and private non-profit organizations that would provide healthcare related services to District residents. While the Corporation and its affiliates should not be barred from receiving community benefit grants from the District, the organization should be required to compete for dollars along with other providers that might offer services.

District Response: The District agrees with and implements the recommendation that there will be no automatic payments to the Hospital Corporation or its affiliates to support the Hospital Corporation's community benefit program. The District further agrees that the Hospital Corporation and its affiliates should not be barred from receiving community benefit grants from the District, and implements policies to ensure that the Hospital Corporation is required to compete for dollars along with other providers that might offer services.

The District also agrees with the recommendation for the District to establish a separate bank account for District funds. The District has established such a separate bank account and will be making disbursements to community benefit recipients directly from that account after July 1, 2013 which is the beginning of its next fiscal year. District Resolution 2013-02 (i.e., **Attachment 3** to this document), among other things, establishes the District's Community Benefit Fund and sets forth certain parameters regarding its annual funding.

A more detailed description of the District's community benefit program is set forth in **Attachment 5** to this document.

Please see the following documents referred to in this response and related to the District's community benefit program which are attached hereto and incorporated herein by this reference:

- Attachment 5:** Overview of District Community Benefit Program
- Attachment 6:** District Community Benefit Grant Making Policies and Procedures, implementing Community Benefit Policies adopted by the District Board on May 1, 2013.
- Attachment 7:** District Community Benefit Advisory Council Charter, adopted by the District Board on May 1, 2013.
- Attachment 8:** List of Community Benefit Advisory Council Members
- Attachment 9:** District Fiscal Year 2012 Community Benefit Report.
- Attachment 10:** District Community Benefit grant application.

LAFCo Resolution Section 6, Request (a), # 3: Request that the District implement changes to the budget and financial reporting structure of the District, to provide clear and distinct segregation of budget priorities and reporting of financial activities. The budget process should be restructured to enhance transparency and public accountability, including clear presentation of financial policies, including those related to reserves, as well as projected and actual revenues and expenditures by purpose and program. The budget should report on specific line items financed by the District, including appropriations that support Mountain View hospital debt service, capital improvements (for example, the District should adopt a capital improvement plan), staffing and operations (including compensation paid to District Board members and/or employees and consultants, if any), and community benefit programs by grant category and recipient. In addition, the District Board should routinely appropriate all property taxes and non-operating revenues each fiscal year to prevent accumulation of resources, except in designated reserves or trust funds. A strengthened budget monitoring and reporting system should be established to ensure funds, such as community benefit grants, are being spent in accordance with Board policy.

District Response: The District agrees with the recommendation and has implemented changes to the budget and financial reporting process to enhance transparency and public accountability.

Although accounting standards require that the District prepare consolidated financial statements, the District has implemented processes to provide supplemental schedules in the consolidated financial audit, including itemized financial information describing the revenues, expenditures, assets, and liabilities of the District separately from those of the Hospital Corporation. In addition, both consolidated and separate unaudited financial information of the District is now prepared and presented to the District Board at its regularly scheduled Board meetings and is publicly available. The District will now also obtain a separate report on all District fund flows, which will be publicly available.

The District Board has adopted the District Financial Reserves Policy (i.e., **Attachment 4** to this document) which has been posted on the District web site. The FY2013 District budget is also posted on the District web site.

As future District budgets are being developed, the District will post both its preliminary and final budget material on its web site. The District actively solicits public commentary by providing means for the public to provide input via its web site and by continuing its long-standing practice of asking for public input at each District Board meeting. Comments received via the web site are provided to the District Board at each meeting. The names, titles, and telephone numbers of the contracted District staff members have been posted on the District web site to further increase the public's accessibility to information about the District. Please also see District Response to LAFCo Resolution Section 6, Request (a), # 4 (Part I) below.

Please see the following documents referred to in this response and related to the District's budget and financial reporting process which are attached hereto and incorporated herein by this reference:

Attachment 11: Excerpt from independent audit of the District for FY 2012, including supplemental schedules which provide financial information for the “stand-alone” District.

Attachment 12: Separate unaudited financial information of the District for FYTD 2013.

Attachment 13: FY2013 District budget.

Attachment 14:

- a. Public Comment; District Board Agenda
- b. Website Screen
- c. District Bylaws
- d. Rules of Order

LAFCo Resolution Section 6, Request (a), # 4 (Part I): Request that the District evaluate current and otherwise necessary professional services agreements with entities and individuals (including the Hospital Corporation) used by the District for services to ensure that District receives the administrative and legal support necessary to conduct business and to differentiate between the two entities.

District Response: The District agrees with this recommendation and has evaluated current and otherwise necessary professional services agreements with entities and individuals (including the Hospital Corporation) used by the District for services to ensure that District receives the administrative and legal support necessary to conduct business and to differentiate between the two entities.

The District and Hospital Corporation have entered into a Statement of Work under which certain services are provided by the Hospital Corporation to the District pursuant to the existing Management Services Agreement between the District and the Hospital Corporation, and has determined that continuing the Management Services Agreement is financially beneficial to the District given the broad scope of services provided to the District and the relatively small amount of compensation required to be provided by the District.

In addition, to further enhance and emphasize the distinction between the District and the Hospital Corporation, the District Board on May 1, 2013 changed the name of the El Camino Hospital District to the El Camino Healthcare District and adopted a new and distinct logo for the District.

The District has also examined, and will continue to periodically examine, the professional service agreements with third party professionals, to ensure that the District receives the administrative and legal support necessary to conduct business and to differentiate between services provided to the District and those provided to the Hospital Corporation. When potential conflicts are identified, separate representation of the District will be obtained as it has been in the past.

Please see the following documents referred to in this response which are attached hereto and incorporated herein by this reference:

Attachment 15: Statement of Work under Management Services Agreement.

Attachment 16: Collateral materials regarding new District name, logo and business cards

LAFCo Resolution Section 6, Request (a), # 4 (Part II): Request that the District review and revise the District's Code of Ethics and Conflict of Interest policy to ensure that the District avoids circumstances of perceived or actual conflicts of interest.

District Response: The District agrees with this recommendation, and on July 17, 2012, the District completed review of its existing conflict of interest policy. The District's Conflicts of Interest Policy adopts by reference the Model Conflicts of Interest Code set forth in Title 2, Section 18730 of the California Code of Regulations, including any amendments to the Model Conflict of Interest code subsequently adopted by the Fair Political Practices Commission. This is the same Conflicts of Interest Policy that has been adopted by many other governmental agencies, including LAFCo. The policy, as reviewed, was filed with Santa Clara County which accepted the policy as being in compliance with law. As part of its regular practice, the District Board (and the Hospital Corporation Board) includes an item on each agenda which asks that Board members declare any conflicts that they may have with respect to matters on the agenda and invites the public to identify potential Board conflicts. Conflicts that are identified at the District are reviewed internally by the District and advice sought from a law firm retained to represent the District on such matters. The District also considered the request to review whether it is appropriate to have the District adopt a separate Code of Ethics policy and determined that in light of the significant requirements already applicable to the District as a public agency no such separate policy was necessary.

Please see the following documents referred to in this response which are attached hereto and incorporated herein by this reference:

Attachment 17: District Conflicts of Interest Policy, adopted by the District on July 17, 2012.

LAFCo Resolution Section 6, Request (b). Request that the District provide a report back to LAFCo within 12 months regarding implementation of the above improvements.

District Response: This document is the District's report back to LAFCo.

LAFCo Resolution Section 6, Request (c): Request that the District clearly demonstrate to LAFCo that no District funds will be used if El Camino Hospital Corporation plans to purchase property outside of the District's boundary and provide an explanation for how the purchase will benefit the District since the District's contributions to the Corporation over the years have benefited the Corporation's reserves and financing standing. This analysis should be specific to the particular purchase.

District Response: The District has not in the past provided, and does not intend in the future to provide, any District funds to the Hospital Corporation to acquire real property located outside of the District's boundaries. All District funds that are transferred to the Hospital Corporation have been, and will continue to be, earmarked and used as directed by the District for specific purposes approved by the District Board of Directors.

Although the District has no current plans to acquire real property located outside of the District's boundaries, any such acquisition by the District would, among other things, require the District to make findings that such an acquisition would benefit the District and the people served by the District. (*See* Health and Safety Code Section 32121). That requirement does not apply, however, to any real property acquisition by the Hospital Corporation using Hospital Corporation funds only (i.e., no District funds).

The District will continue to inform LAFCo about any actions that involve use of District funds outside the District's boundaries or sphere of influence to the full extent required by applicable law. In addition, although the Hospital Corporation has no current plans to acquire real property outside of the District's boundaries, as a courtesy, the District will continue to notify LAFCo if the Hospital Corporation in the future plans to acquire property outside of the District's boundaries even if no District funds are used for the proposed acquisition.

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Attachment 1	Santa Clara County LAFCo Resolution No. 2012-05
Attachment 2	District Resolution 2013-01
Attachment 3	District Resolution 2013-02
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Attachment 14	a. Public Comment; District Board Agenda b. Website Screen c. District Bylaws d. Rules of Order
Attachment 15	Statement of Work Under Management Services Agreement
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Attachment 17	District Conflicts of Interest Policy, adopted by the District on July 17, 2012.

Attachment 1

Copy of Santa Clara County LAFCo Resolution No. 2012-05

(Attached)

RESOLUTION NO. 2012-05

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SANTA CLARA COUNTY**

AUDIT AND SERVICE REVIEW OF THE EL CAMINO HOSPITAL DISTRICT

RESOLVED by the Local Agency Formation Commission of Santa Clara County, State of California, that

WHEREAS, Government Code Section 56430 requires the Commission to conduct service reviews in order to prepare and update spheres of influence in accordance with Government Code Section 56425; and

WHEREAS, the Commission previously authorized the Audit and Service Review of the El Camino Hospital District (ECHD) to be prepared; and

WHEREAS, the Executive Officer set May 30, 2012 and August 1, 2012 as public hearing dates for the Audit and Service Review; and

WHEREAS, the Commission considered the report of the Executive Officer; and the attachments thereto, the comments received in writing and comments presented at the May 30, 2012 and August 1, 2012 public hearings;

WHEREAS, the Commission, as Lead Agency has complied with the California Environmental Quality Act (CEQA), as described below;

NOW THEREFORE, the Local Agency Formation Commission of Santa Clara County does hereby resolve, determine, and order as follows:

SECTION 1:

The El Camino Hospital District Audit and Service Review is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to the following sections of the State CEQA Guidelines: §15306 Class 6; §15061(b)(3) General Rule; and §15378(b)(5);

SECTION 2:

Comments on the ECHD Audit and Service Review are hereby accepted and requests for revisions to the Revised Draft Report are hereby considered.

SECTION 3:

The El Camino Hospital District Audit and Service Review Report is hereby accepted without revisions and Exhibit 1 in the ECHD's July 30, 2012 letter is hereby accepted.

SECTION 4:

The Service Review determinations for the El Camino Hospital District, as included in the Audit and Service Review Report, are hereby adopted as follows:

1. Growth and population projections for the affected area.

The District and Sphere of Influence (SOI) are expected to experience a five-year population growth rate of 2.8 percent compared with a countywide population growth rate of approximately 5.0 percent. Also, because of the differences in the populations by age cohort, the District and SOI will experience a lower 5.8 percent inpatient volume increase compared with a 9.0 percent inpatient volume increase for the county overall.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

With the exception of ICU beds, it is unlikely that growth in local demand will lead to capacity concerns at the Mountain View hospital in the next five years. In addition, current facility plans under consideration for the Mountain View campus include the possibility of relocating physician offices in the Women's Hospital to make approximately 40,000 square feet available for inpatient use in 2013-14.

3. Financial ability of agency to provide services.

The District, Corporation and five affiliated non-profit entities collectively held Unrestricted Net Assets of approximately \$440 million as of June 30, 2011, which was 76.3% of annual operating expenses in that year. Of this amount, \$408 million was reportedly held in cash and investments. Other financial indicators suggest that the combined organization is in a strong position compared with Standard and Poors (S&P) A+ rated hospitals: (a) the Hospital operating margin is 9.4% vs. 3.8% for the S&P group; (b) the Hospital profit margin is 8.3% compared with 6.0% for the S&P group; and, (c) the Hospital debt to capitalization ratio is 17.0% compared with 30.9% for the S&P group (i.e., for this indicator, a lower percentage suggests better performance). Therefore, the District's financial ability to provide services is strong.

4. Status of, and opportunities for, shared facilities.

No opportunities for shared facilities were identified during the service review.

5. Accountability for community service needs, including governmental structure and operational deficiencies.

To improve accountability, the District and the Corporation should establish enhanced budgetary reporting and controls on an accrual basis in order to better reflect the use of District resources. This should include detailed reporting of transfers between entities

as well as debt service requirements. In addition, budgetary and financial information should be reported on a component unit level (i.e., separate budgets and financial reports for the District, Corporation and each of the five non-profit entities). These budgets should provide character level detail and be reviewed, discussed and adopted by the respective boards at public hearings.

The governance structure of the District, the Corporation and the five affiliated non-profit entities blurs the distinctions between the organizations. As the "sole member" of the Corporation, the District is able to directly impose its will, financial benefit and financial burden on the Corporation, which link the boards together and create fiscal dependency. In addition, the Corporation serves as the manager and administrator, not only for the Hospital as a nonprofit public benefit corporation, but also for the District, the Foundation, and the additional affiliated entities. Accordingly, all financial transactions and activities occur through the accounts and records of the Hospital, further blurring distinctions between the entities.

The District should consider changes that would clearly distinguish between the entities for governance and management purposes. This is discussed more fully in Section 6 of this Audit and Service Review Report. In addition, the District should enhance processes for monitoring expenditures for capital improvements and community benefits, through improved budgeting and more transparent financial reporting.

SECTION 5:

The existing Sphere of Influence for the El Camino Hospital District, as recommended in the Audit and Service Review Report, is hereby retained.

The Sphere of Influence (SOI) determinations for the El Camino Hospital District, as included in the Audit and Service Review Report, are hereby adopted as follows:

1. The present and planned land uses in the area, including agricultural and open space lands.

The ECHD has well-developed suburban land use designations without plans for significant changes that would affect the purpose and mission of the District.

2. The present and probable need for public facilities and services in the area.

The El Camino Hospital Mountain View campus provides a vital healthcare service in the community. A review of population projections for the District and the County, as well as analysis and capacity by major service, indicates that additional healthcare capacity is not required at this time. Overall, the County is using only 60.9 percent of

its licensed beds and El Camino Hospital Mountain View is using only 60.7 percent of its licensed beds, suggesting sufficient medical facility capacity in the County and District.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

See Statement Number 2.

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 Commission did not identify any social or economic communities of interest in the area and none were identified as part of the Service Review.

5. The nature, location, and extent of any functions or classes of services provided by the existing district.

Although the District does not directly operate El Camino Hospital, it leases the land, transferred and sold assets, and entered into various agreements with the El Camino Hospital Corporation to operate a hospital on property that it owns in Mountain View. In addition, the District has contributed approximately \$110 million to the Corporation in the past five years to pay for debt service related to the rebuilding of the Mountain View hospital, other capital improvements and community benefits.

El Camino Hospital is a full service acute care hospital located on a 41-acre campus in Mountain View, California. The campus in Mountain View includes the main hospital, the Women's Hospital, the El Camino Surgery Center, the Breast Health Center, the Oak Dialysis Center, the CyberKnife Center, the Cancer Center in the Melchor Pavilion, the Taft Center for Clinical Research, and the Genomic Medicine Institute. El Camino Hospital Corporation (ECHC) also owns the El Camino Surgery Center, LLC, and Silicon Valley Medical Development, LLC, and has 50 percent ownership of Pathways HomeCare and Hospice.

El Camino Hospital is licensed for 374 General Acute Care beds and 25 Psychiatric beds, for a total of 399 beds, based on data available from the California Office of Statewide Health Planning and Development (OSHPD). In 2012, the number of medical-surgical beds at the Hospital will be reduced by 99 beds in the old hospital, from 279 to 180 licensed beds. The total inpatient bed capacity of the Hospital will be reduced to 310, including 285 Acute Care and 25 Acute Psychiatric beds.

SECTION 6:

The ECHD is hereby requested to do the following:

- a. Implement improvements in governance, transparency and public accountability as recommended in the Audit and Service Review Report and included in Attachment "A."
- b. Provide a report back to LAFCO within 12 months regarding implementation of the above improvements. At the end of the 12 month period, LAFCO shall reevaluate the ECHD and its Sphere of Influence, and consider the need for further changes or follow-up actions.
- c. Clearly demonstrate to LAFCO that no ECHD funds will be used if the El Camino Hospital Corporation plans to purchase property outside of the ECHD's boundary and provide an explanation for how the purchase will benefit the ECHD since the ECHD's contributions to the Corporation over the years have benefitted the Corporation's reserves and financial standing. This analysis should be specific to the particular purchase.

SECTION 7:

LAFCO staff is directed to seek the State Attorney General's opinion on the applicability of the Gann Limit to Health Care Districts.

SECTIONS 1, 2 & 3

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Clara County, State of California, on August 1, 2012 by the following vote:

YES: CONSTANT, ABE-KOGA, WILSON, WASSERMAN, KNISS

NOES: None

ABSENT: None

ABSTAIN: None

SECTIONS 4, 5, 6 & 7

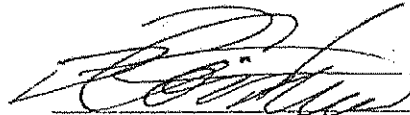
PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Clara County, State of California, on August 1, 2012 by the following vote:

AYES: CONSTANT, ABE-KOGA, WILSON, WASSERMAN

NOES: KNISS

ABSENT: None

ABSTAIN: None



Pete Constant, Chairperson
LAFCO of Santa Clara County

ATTEST:


Emmanuel Abello, LAFCO Clerk

APPROVED AS TO FORM:


Malathy Subramanian, LAFCO Counsel

Attachment to Resolution No. 2012-05

Attachment "A" – Recommendations to the El Camino Hospital District for Improvements in Governance, Transparency and Public Accountability

RESOLUTION 2012-05

ATTACHMENT "A"

**RECOMMENDATIONS TO THE EL CAMINO HOSPITAL DISTRICT
FOR IMPROVEMENTS IN GOVERNANCE, TRANSPARENCY
AND PUBLIC ACCOUNTABILITY**

1. The El Camino Hospital District should limit its financial contributions to El Camino Hospital Corporation to payments for principal and interest on debt incurred by the District for the El Camino Hospital Mountain View Rebuild (i.e., a balance of \$143.8 million in General Obligation Bonds, discussed in Section 4). In addition, the District should cease all automatic contributions to the El Camino Hospital Corporation to support the Hospital capital improvement program or to be used as a general revenue source. Instead, LAFCo should seek a legal interpretation of the applicability of GAL to the District and, if permitted by law, the District should divert these funds to community benefit programs that more directly benefit the residents of the District. Had this been the practice over the past five years, additional community benefit dollars amounting to approximately \$73.7 million would have been available to directly benefit District residents. Should contributions exceed the 50% threshold pursuant to Health and Safety Code 32121 (p)(1), a vote may be required.
2. Cease all automatic payments to the El Camino Hospital Corporation or its affiliates to support the Corporation's community benefit program and divert these funds to other programs that more directly benefit the residents of the District. Under this approach, the District Board should consider establishing a Community Benefit Trust Fund for the purpose of awarding District funded community benefit grants to public and private non-profit organizations that would provide healthcare related services to District residents. While the Corporation and its affiliates should not be barred from receiving community benefit grants from the District, the organizations should be required to compete for dollars along with other providers that might offer services.
3. Implement changes to the budget and financial reporting structure of the District, to provide clear and distinct segregation of budget priorities and reporting of financial activities. The budget process should be restructured to enhance transparency and public accountability, including clear presentation of financial policies, including those related to reserves, as well as projected and actual revenues and expenditures by purpose and program. The budget should report on specific line items financed by the District, including appropriations that support Mountain View hospital debt service, capital improvements (for example, the district should adopt a capital improvement plan), staffing and operations (including compensation paid to District Board members and/or executive staff, other employees and consultants, if any), and community benefit

RESOLUTION 2012-05

ATTACHMENT "A"

programs by grant category and recipient. In addition, the District Board should routinely appropriate all property taxes and non-operating revenues each fiscal year to prevent accumulation of resources, except in designated reserves or trust funds. A strengthened budget monitoring and reporting system should be established to ensure funds, such as community benefit grants, are being spent in accordance with Board policy.

4. Evaluate current and otherwise necessary professional services agreements with firms or individuals (including the corporation) used by the district for services, to ensure that the District receives the administrative and legal support necessary to conduct business and differentiate between the two entities. Review and revise the District's code of ethics and conflict of interest policy to ensure that the District avoids circumstances of perceived or actual conflicts of interest.

Attachment 2

Copy of District Resolution 2013-01

(Attached)

**EL CAMINO HEALTHCARE DISTRICT
RESOLUTION 2013-01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF
EL CAMINO HEALTHCARE DISTRICT
REGARDING FUNDING OF CAPITAL**

WHEREAS, El Camino Healthcare District (the "District") has, for more than 50 years, played an important role in providing healthcare for members of the community, including those community members who are uninsured, under-insured and underserved;

WHEREAS, the District has complied with the Gann Appropriations Limit ("GAL") since the GAL became effective;

WHEREAS, recently, in response to a recommendation by a Local Agency Formation Commission that a health care district follow the GAL, a district hospital took the position that the GAL does not apply to health care districts;

WHEREAS, compliance with the GAL eliminates the possibility that the District could be found to be in violation of this constitutional and statutory requirement;

WHEREAS, the Board of Directors of the District is committed to providing services to address healthcare needs in the community;

WHEREAS, the Board of Directors of the District on the 14th of May 2008 adopted Resolution 2008-2 to establish annual funding of the District's Community Benefit Programs and Services;

WHEREAS, the Board of Directors of the District intends that any and all expenditures of tax receipts be made in a manner consistent with all laws and regulations;

NOW THEREFORE BE IT:

RESOLVED, that District Resolution 2008-2 is hereby rescinded; be it further

RESOLVED, that until the Attorney General of the State of California issues an opinion that the GAL does not apply to health care districts or legislation is enacted by the State Legislature to the same effect, the District shall observe and comply with the requirements of the GAL and that after any such action by the Attorney General or the Legislature the District shall follow such opinion or law; be it further

RESOLVED, that any and all District capital expenditures in accordance with the GAL shall be for capital improvements within the District and shall be individually approved at a District Board meeting.


DULY PASSED AND ADOPTED at a meeting held on the 1st day of May, 2013
by the following votes:

AYES: 4 Chiu, Miller, Zoglin, Reeder

NOES: 0

ABSENT: Einarson

ABSTAIN: 0



David Reeder

Secretary, Board of Directors El Camino Healthcare District

Attachment 3

Copy of District Resolution 2013-02

(Attached)

**EL CAMINO HEALTHCARE DISTRICT
RESOLUTION 2013-02**

**RESOLUTION OF THE BOARD OF DIRECTORS OF
EL CAMINO HEALTHCARE DISTRICT
TO ESTABLISH CERTAIN DISTRICT FUNDS**

WHEREAS, El Camino Healthcare District (the "District") has, for more than 50 years, played an important role in providing healthcare for members of the community, including those community members who are uninsured, under-insured and underserved;

WHEREAS, the District has heretofore contracted with El Camino Hospital to perform all banking and accounting functions for the District;

WHEREAS, the District has now established a depository relationship with a commercial bank;

WHEREAS, all District monies managed by El Camino Hospital will be transferred to the District's depository account on or before July 1, 2013, which is the first business day of the District's fiscal year 2014;

WHEREAS, the District has determined that certain funds should be established in order to further increase transparency in the reporting of all financial and other activities of the District;

WHEREAS, the District intends for these funds to be managed within certain parameters to continue to ensure that District resources are used as intended and that adequate reserves are kept for the necessary functions of the District;

NOW THEREFORE BE IT:

RESOLVED, that the District hereby creates and establishes the District Operating Fund, the District Capital Appropriation Fund, the District Capital Replacement Fund and the District Community Benefit Fund with the specific attributes described on Attachment 1 and delegates certain authority to the District CFO to take the actions described in Attachment 1 with respect to those funds; be it further

RESOLVED, the District CFO shall include in each financial report the balances in each such fund and the total deposits and withdrawals from each such fund in regular reports to the District Board.

DULY PASSED AND ADOPTED at a meeting held on the 1st day of May, 2013
by the following votes:

AYES: 4 Chiu, Miller, Reeder, Zoglin

NOES: 0

ABSENT: Einarson

ABSTAIN: 0



David Reeder, Secretary
El Camino Healthcare District Board of Directors

ATTACHMENT 1

Certain District Funds and Delegation of Authority

1. **DISTRICT OPERATING FUND.** The District hereby establishes a District Operating Fund. The purpose of the District Operating Fund is to provide a designated fund from which the routine operating expenses of the District will be paid, and into which will be transferred all District receipts and from which all disbursements of the District will be made except: (1) receipts and expenditures which by law or by contract must be handled by a third party, such as receipts and expenditures relating to the General Obligation bonds authorized by Measure D, (2) receipts and disbursements related to investment accounts of the District, and (3) receipts and disbursements within the other named funds created by District Resolution 2013-02 or another District resolution.

The amount initially placed into the Operating Fund will be \$1.5 million, which approximates the District's fiscal year 2012 operating expenses, plus an additional amount equal to 120 days of these expenses. The District CFO is responsible to manage the Operating Fund and to make changes to the amount therein, as deemed prudent and as is appropriate to its purpose.

2. **DISTRICT CAPITAL APPROPRIATION FUND.** The District hereby establishes a District Capital Appropriation Fund. The purpose of the District Capital Appropriation Fund is to ensure that the District has adequate resources to fund its obligations under the Gann Appropriations Limit. Initially, the amount placed into the District Capital Appropriation Fund shall be set as the amount then in the District's Capital Outlay general ledger account. The District CFO shall thereafter maintain the amounts in the District Capital Appropriation Fund at a level which ensures adequate funds exist to ensure full compliance with the Gann Appropriation Limit.
3. **DISTRICT CAPITAL REPLACEMENT FUND.** The District hereby establishes a District Capital Replacement Fund. The purpose of the District Capital Replacement Fund is to ensure that the District has adequate resources to fund repair and replacement of its capital assets. The District previously established a general ledger account entitled "Funded Depreciation" and directed that 130% of annual depreciation expense be placed into the account. The District CFO is directed (a) to fund the District Capital Replacement Fund in an amount equal to the balance in the existing Funded Depreciation account and (b) thereafter to place 130% of the annual depreciation expense into the District

Capital Replacement Fund on an ongoing basis. The District CFO shall manage this fund and suggest any changes to the amounts placed therein, as deemed prudent and as is appropriate to its purpose.

4. **DISTRICT COMMUNITY BENEFIT FUND.** The District hereby establishes a District Community Benefit Fund. The purpose of the District Community Benefit Fund is to ensure that the District has adequate resources to fund community benefit expenditures, to help minimize the possibility that community benefit funding would be diminished by unforeseen financial challenges within the District, and to provide a designated fund from which community benefit funding will be made. The amount initially placed into this fund shall be determined by subtracting from the total cash funds of the District the amounts deposited in the District Operating Fund, the District Capital Appropriation Fund, and the District Capital Replacement Fund, and the remaining amount shall be placed in the Community Benefit Fund.

The District CFO, in coordination with the Community Benefit Staff providing services to the District, shall work together to balance the amount held in the District Community Benefit Fund in order to meet the objectives of the District Community Benefit Fund. While it is recognized that the balance held in District Community Benefit Fund will fluctuate as funding is received and as the District disburses funds to the various community benefit recipients, in the absence of an unforeseen financial challenge the target balance for the Fund is the prior year's Ongoing Programmatic Funding. For purposes of this resolution, the term "Ongoing Programmatic Funding" means amounts paid from this fund to meet the operating expenses of a community benefit recipient organization; amounts expended by community benefit recipients to acquire capital assets shall not be considered Ongoing Programmatic Funding.

It is recognized that in any given year, the Community Benefit Advisory Council may not receive appropriate requests for the full amount of funding available from the District, or the District may disapprove some requests, resulting in the disbursement of less than the desired amounts. All amounts not appropriated remain in the Community Benefit Fund unless a transfer to another District fund is approved by the District.

Attachment 4

Copy of District Financial Reserves Policy

(Attached)



2500 Grant Road
Mountain View, CA 94040
Phone: 650-962-5853
www.elcaminohospitaldistrict.org

BOARD OF DIRECTORS

Dennis W. Chiu, JD
Patricia A. Einarson, MD, MBA
Julia E. Miller
David Reeder
John L. Zoglin

FINANCIAL RESERVES POLICY

A. Coverage:

El Camino Healthcare District (the "District")

B. Policy Summary:

The purpose of this policy is to set forth the financial reserve guidelines that will enable the District to maintain its financial ability to accomplish its mission to meet the community's future healthcare needs.

C. Policy:

1. The District will maintain such funds as have been approved by resolution of the Board of Directors of the District.
2. On or before July 1, 2013, and with two exceptions, all funds of the District will be held in the District's commercial bank account. The two exceptions are (1) receipts and expenditures which by law or by contract must be handled by an external party, such as those funds received and expended pursuant to the agreements entered into as part of the General Obligation bonds issued as authorized by Measure D, and (2) amounts held in the District's investment accounts.
3. The District CFO shall be charged with the operational management of the established funds and shall regularly report to the District Board the activities and balances of each.
4. The District Board maintains ultimate authority over all District funds and nothing in this policy shall be taken to require the District to allocate funds for any particular purpose during any given period; this is always a prerogative of the District Board.

Attachment 5

Overview of District Community Benefit Program

Attachment 5

Overview of District Community Benefit Program

The District has well-defined, effective structures and processes in place to distribute community benefit funds. These include involvement of an advisory council, grant criteria, a formal proposal process, an annual plan and a comprehensive report to the community. The Community Benefit Advisory Council (CBAC) was established to ensure broad engagement in the development of the District Community Benefit Plan. The CBAC is composed of representatives from the District Board of Directors, community leaders and physicians. The CBAC provides input on unmet needs in the District, input on current and prospective community benefit partners and recommendations on programs to include in the annual Community Benefit Plan. There is a charter for the advisory council which outlines the purpose, membership, authority and responsibility.

The current District Community Benefit structure enables the District to administer a robust, strategic and metrics based Community Benefit Program. This program identifies through community wide collaboration the high priority health needs, and has a transparent and open process to select community partners that can deliver services to meet those health priorities. Programs operated by the Hospital Corporation can apply for funds and they follow all of the same procedures including proposal submission, developing impact metrics and providing regular reporting. The CBAC and the District review process ensures that any Hospital Corporation programs applying for District community benefit funds are evaluated using the same criteria as other applicants. The District focuses the delivery of services to provide maximum benefit to those who “live, work or go to school in the District.” The District has specific policies and procedures which define all aspects of the grant making process including: assessing community health needs, grantee selection process, grant monitoring, program reporting and data dashboards. The District is one of the only California health care districts with impact metrics and one of very few that provides a comprehensive annual report to the community which is widely distributed.

The District has excellent processes in place to distribute community benefit funds. The District compares very favorably in all aspects of community benefit administration relative to other districts. The District Board has strong and loyal relationships throughout the community and the District is highly regarded as a result of its community benefit commitment.

Attachment 6

Copy of District Community Benefit Grant Making Policies and Procedures

(Attached)



2500 Grant Road
Mountain View, CA 94040
Phone: 650-962-5853
www.elcaminohospitaldistrict.org

BOARD OF DIRECTORS

Dennis W. Chiu, JD
Patricia A. Einarson, MD, MBA
Julia E. Miller
David Reeder
John L. Zoglin

El Camino Healthcare District Community Benefit

Grant-making Policies and Procedures

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2	Geographic Scope: The El Camino Healthcare District Community Benefit Program is focused on the District's geographical area, which includes Mountain View, Los Altos, Los Altos Hills, a major portion of Sunnyvale, and portions of Cupertino, Santa Clara, and Palo Alto. While the primary intent is to serve individuals who live, work, or go to school in the District, it is recognized that the program may on occasion benefit visitors to the District.	3
3	District Funding: Annually, the District CFO will recommend the level of expenditures for grants and sponsorships to be authorized for the District's Community Benefit program. The District Board of Directors will approve or modify this amount as it deems appropriate.	3
4	Assessments: A formal, collaborative process to identify community health needs is used as a foundation for the District's Community Benefit program.	5
5	Distribution of Funds: Funds are distributed to recipients following approval of the Community Benefit Plan by the District Board of Directors. The Board's approval of the plan is Board authorization for distribution of funds, subject to the receipt of appropriate grant agreements.	12
6	Public Access to Information: The District will post information on its website in order to ensure the public has access to data regarding all grants and sponsorships it awards.	14

Overview of Community Benefit Program

The El Camino Healthcare District (ECHD) Community Benefit Program significantly impacts the health of the community through yearly allocation of ECHD tax receipts to local nonprofit agencies and other community partners. The mission of the District's Community Benefit Program is to ***significantly impact persistent unmet health needs in the District.***

Definition of Community Benefit

Community Benefit encompasses the programs or activities that provide health services and/or promote health and well-being as a response to identified community needs.

Policy 1. What Qualifies as Community Benefit: To qualify as Community Benefit, expenditures must: improve access to health care services; enhance the health of the community; advance health knowledge; or relieve or reduce the burden of government.

Policy 2. Geographic Scope: The El Camino Healthcare District Community Benefit Program is focused on the District's geographical area, which includes Mountain View, Los Altos, Los Altos Hills, a major portion of Sunnyvale, and portions of Cupertino, Santa Clara, and Palo Alto. While the primary intent is to serve individuals who live, work, or go to school in the District, it is recognized that the program may on occasion benefit visitors to the District.

Sources of Community Benefit Funding

In 2008, the ECHD Board of Directors voted to formalize its commitment to the health of the community through a resolution establishing set funding for the District's Community Benefit investment thereby allowing for long-term planning to address unmet health needs. As a hospital district, the Board believes its duty and privilege is to develop partnerships that improve the health of community members, especially the most vulnerable. In 2013, the ECHD Board of Directors adopted resolution 2013-01, which replaced its 2008 resolution. The new resolution establishes that beginning in its 2014 fiscal year, the District will begin funding Community Benefit programs directly, without first passing funds to its El Camino Hospital. In addition, the resolution sets certain parameters for decision making on the disbursement of funds to applicants and further clarifies how the amount of available funding will be set each year.

Policy 3. District Funding: Annually, the District CFO will recommend the level of expenditures for grants and sponsorships to be authorized for the District's Community Benefit program. The District Board of Directors will approve or modify this amount as it deems appropriate.

Role of El Camino Healthcare District Board of Directors

The El Camino Healthcare District Board of Directors is responsible to ensure the District tax receipts are used to benefit the health and well-being of District residents.

- The Board approves the level of expenditures designated for Community Benefit.
- The Board approves the Community Benefit Annual Plan as prepared by the Community Benefit staff.
- The Board approves additional Community Benefit funding above the annual Community Benefit budget.
- The Board approves new Community Benefit Advisory Council members.
- A District Board member may sit on the Community Benefit Advisory Council.
- Board members may attend community events sponsored by ECHD as ambassadors of the District.
- Board members inform other community leaders about the mission and work of ECHD's Community Benefit program.

Role of Community Benefit Staff

The District Community Benefit program is administered by El Camino Hospital's Community Benefit staff, under contract to the District. The role of the Community Benefit staff is to:

- Assess community health needs in collaboration with health organizations and coalitions. (*See Process to Assess Community Health Needs.*)
- Identify and learn about services addressing the health needs of the community, particularly for the underserved and vulnerable population.
- Identify services and collaborations that further advance El Camino Healthcare District's established Community Benefit health priorities.
- Evaluate potential grantees with regard to the quality of their services, measurement system, staffing and budget prior to presenting the program to the Community Benefit Advisory Council.
- Monitor progress of grant funded programs. (*See Grants Monitoring section for more information on this topic.*)
- Ensures the community has access to information on the District's grants and sponsorships.

Role of Community Benefit Advisory Council Members

The Community Benefit Advisory is composed of ECHD Board representation, members of the community, physicians, and senior management. The CBAC was established to provide an informed perspective, guidance and support for the District's Community Benefit Program.

The CBAC provides direction for the development and implementation of the ECHD Community Benefit Plan. In carrying out these responsibilities, the CBAC members will:

- Review needs assessment data and provide input into the health related needs of youth and adults in the District

- Review health improvement initiatives as they relate to health priorities
- Provide input on programs to include in the annual Community Benefit Plan
- Provide input on best practices for meeting the health needs of the community
- Review the annual Community Benefit Plan
- Attend CBAC meetings
- Respond in a timely manner to electronic requests for input
- Serve as an ambassador for the District in the community, by attending Community Benefit sponsored events. Members inform other community leaders about the mission and work of ECHD's Community Benefit program.

Process to Assess Community Health Needs

Policy 4. Assessments: A formal, collaborative process to identify community health needs is used as a foundation for the District's community benefit program.

The foundation of ECHD's Community Benefit Program is the Community Health Needs Assessment. The process to conduct the assessment is described below.

- Participate in the Santa Clara County Community Benefit Coalition and serve on the Coalition's Executive Council to conduct a triennial county health assessment, which includes a compilation and analysis of secondary data sources along with primary data from focus groups and key informant interviews. The health assessment report includes federal, state and local data.
- Solicit input from current Community Benefit partners and the Community Benefit Advisory Council on the most pressing local health needs.
- Review relevant health data from a wide-range of sources, such as the *California Healthy Kids Survey*, *Healthy People 2020*, and data from the Santa Clara County Public Health Department.

Community Benefit Guiding Principles and Health Priorities

The guiding principles were developed with input from the ECHD Board, discussions with community benefit leaders and public health officials and a review of the Catholic Health Associations Community Benefit Guidelines. The guidelines incorporate the overarching values that focus our efforts for community benefit funding.

The ECHD health priorities are drawn from the most recent Santa Clara County Community Benefit Coalition's prioritized health needs for the County. The process that the Community Benefit Coalition engages in to arrive at prioritized health needs is described below, and may change with future assessments:

- Step 1: Health data are gathered from an extensive array of secondary and primary sources. The primary sources of data include:
 - Focus groups with providers that have expertise in a wide-range of health issues/populations; and
 - Focus groups with underserved residents representing various geographies across the County; and
 - Key informant interviews with health leaders.
- Step 2: The secondary and primary data are analyzed to generate a preliminary list of health needs that met a pre-established criterion (e.g., met definition of a need; was worse than an established benchmark; and are supported by multiple data sources).
- Step 3: The preliminary list of health needs are further narrowed by the Community Benefit Coalition by applying the following criteria:
 - Clear disparities or inequities
 - Prevention/early intervention opportunity
 - Multiplier effect (addressing health need has potential for solving multiple problems)
 - Community priority

From this process, health needs are prioritized for Santa Clara County. ECH Community Benefit staff will engage in a process involving the Community Benefit Advisory Council to review the countywide and District-specific health needs findings. The staff will periodically update the existing Community Benefit Program's health priorities, along with the program's guiding principles which are shown below.

Guiding Principles

- **Community Benefit Advisory Council provides key guidance in development of Community Benefit initiatives.**
- **Address identified health priorities as the primary criteria for Community Benefit funding.**
- **Provide access to care through direct services or prevention programs.**
- **Work to reduce health disparities in the District.**
- **Develop long-term commitments with effective partners to reduce persistent health needs and ensure maximum impact of resources.**
- **Require rigorous accountability from partners to ensure optimal investment of Community Benefit funds.**
- **Build capacity in organizations that are effective in responding to community health needs.**
- **Focus on collaboration to enhance program effectiveness, avoid duplication of services and leverage Community Benefit funds.**
- **Develop a grants portfolio with significant funding for a modest number of organizations to build capacity and ensure impactful outcomes. The minimum funding for the majority of grants will be \$25K. There is flexibility, on occasion, to fund at lower levels for needed and effective programs that have small resource requirements.**
- **Provide not only financial support, but also guidance and expertise in areas including evaluation methodology, impact metrics, process improvement, streamlining operations and linkages to other community organizations.**

Health Priorities Matrix

	Community Health Education and Health Literacy	Health Care Access (Primary, Oral, and Chronic Conditions Care)	Mental Health Access	Healthy Eating, Physical Activity, and Obesity Reduction	Special Focus Areas (TBD)
Strategic Focus	<p>To enhance the overall health of district residents by promoting their health literacy.</p> <p>Health Literacy is the degree to which individuals have the capacity to obtain, process and understand basic health information and services needed to make appropriate health decisions.</p>	<p>To improve health and prevent the onset of disease of district residents through enhanced access to primary medical care, immunization services, chronic disease management, oral health, and health insurance coverage.</p>	<p>To improve the mental health and well-being of district residents by providing screenings, education and access to services that address domestic violence, substance use, bullying and other issues.</p>	<p>To encourage healthy living and reduce obesity in district residents by providing education and access to nutritious food, physical activity and behavior change support.</p>	
Potential Strategies	<ul style="list-style-type: none"> ▫ Information and referral ▫ Health fairs ▫ Consultations ▫ School health curriculum ▫ Community health presentations ▫ Health disparities education and screenings 	<ul style="list-style-type: none"> ▫ Primary care through medical home model ▫ Healthcare coverage ▫ Health screenings ▫ Immunizations ▫ School-based health interventions: screenings, case management, and resource and referral ▫ Management of chronic conditions: diabetes, cardiovascular, and other conditions 	<ul style="list-style-type: none"> ▫ Counseling, developmental asset building, and crisis intervention for youth ▫ Counseling, psychiatric services, and crisis intervention for adults 	<ul style="list-style-type: none"> ▫ Nutrition literacy ▫ Physical activity ▫ Food security ▫ Health awareness campaigns in the schools ▫ Behavior change education ▫ Create organizational culture of wellness 	

Community Benefit Grantee Eligibility and Selection Criteria

In order for a potential grantee to be considered eligible for ECHD Community Benefit funding, the grantee must: provide services addressing the identified health priorities; and serve individuals who “Live, Work or Go to School in the District.” Potential grantees that meet these requirements are evaluated based on the following selection criteria.

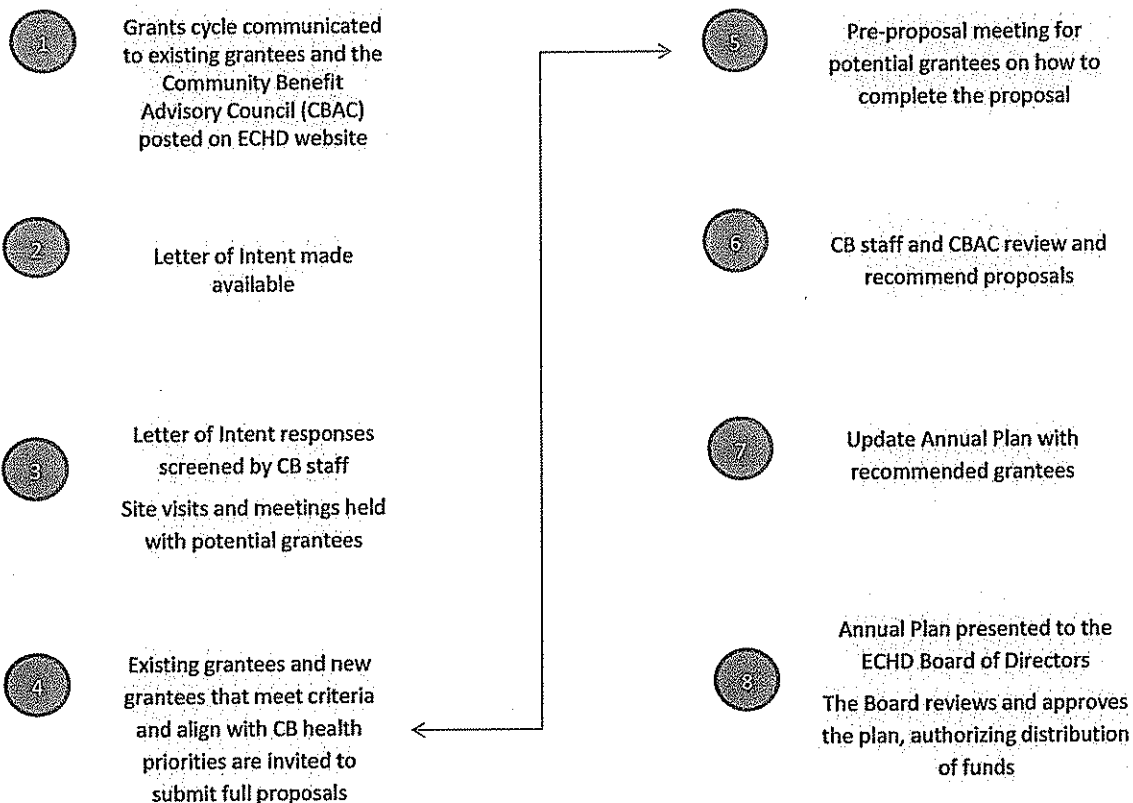
Selection Criteria

1. Health-related, nonprofit organization, government-sponsored health program, school district, or community coalition.
2. Well-established and respected, with a history of strong service to the community.
3. Focus is to serve the underserved, address health disparities, and meet documented health needs.
4. The organizations must demonstrate a competence and capacity to address identified health needs.
5. Clear program design that includes goal statements, program activities, evaluation methods, and metrics.
6. Provides appropriate reach including number of individuals served and number of services provided.
7. Capacity to evaluate outcomes that includes the administration of evaluation tools such as surveys, case management forms, and registries.
8. Financially strong process that includes detailed budgets and other sources of funding.

Grantee Selection Process

The grantee selection process of the Community Benefit Program is outlined in the diagram below and is described in more detail in the following sections.

Synopsis of Grant-Making Process



Proposal Process

Potential Grantees

Each year, the grants cycle is communicated to current grantees and to members of the Community Benefit Advisory Council (CBAC). Additionally, information about the Community Benefit Program's grants cycle is posted on the ECHD website. Potential grantees are invited to submit a brief Letter of Intent. Community Benefit staff review responses to the Letter of Intent and conduct a further review of potential grantees by meeting with program directors, which may include site-visits. Potential grantees strongly aligned with the Community Benefit Program's health priorities and that meet the selection criteria are invited to submit a grant proposal.

Proposal Submission

Each potential grantee must submit a proposal that includes;

- An overview of the specific program for which the funds are requested
- A description of the measurable impact of the program
- Interventions
- Budget including other sources of funding
- Key personnel
- Scope of Work Matrix (goal statement, program activities, evaluation methods and metrics)

GRANTEE SCOPE OF WORK TEMPLATE

Goal Statement:

Program Activity	Metrics		Method of Evaluation	Metric Description	6 Month Target	Cumulative 12 Month Target
	Volume	Individuals Served				
		Encounters or Services				
	Impact					

Pre-Proposal Meeting

A pre-proposal meeting is held for potential grantees who were invited to submit a grant proposal. At the meeting, potential grantees receive an overview of the proposal, Scope of Work Matrix, and grant requirements.

Selection Process

Grant proposals are reviewed by the Community Benefit staff, which involves consideration of funding amounts as it relates to the scope of the program; the most effective use of resources; and the impact the program is expected to have. The Community Benefit staff make funding recommendations to the CBAC. Programs that are recommended by the CBAC become part of the annual Community Benefit Plan described in the section below.

Process to Develop Community Benefit Plan

Each year, Community Benefit staff prepares the ECHD Community Benefit Plan. To ensure that the evolving health needs are reflected in the Plan, ECHD follows a formal planning process that includes the following steps.

- As a member of the Executive Council of the Santa Clara County Community Benefit Coalition, develop a comprehensive Community Health Needs Assessment every three years.
- Obtain input from the CBAC, additional available data sources, and information from community collaborations and discussions with community leaders.
- Identify organizations to address the prioritized health needs. Selected programs with a description of their interventions, goals and metrics, comprise the Community Benefit Plan.
- The Community Benefit Plan is submitted to the ECHD Board of Directors for recommendations and final approval.

Policy - Authorization to Distribute Funds

Policy 5. Distribution of Funds: Funds are distributed to recipients following approval of the Community Benefit Plan by the District Board of Directors. The Board's approval of the plan is Board authorization for distribution of funds, subject to the receipt of appropriate grant agreements.

In the event that an approved grant requires an increase or decrease in appropriated funds due to documented and approved changes to the program, the Community Benefit Staff, under the signature of the VP of Corporate and Community Health Services, may adjust funded amount. Additional funds would be drawn from the Board approved place holder reserve. Additional funds may not exceed the total placeholder fund and no grant can receive an increase of more than 20% of the Board approved amount.

Organizations that are selected as Community Benefit grantees receive an awards notification letter, Grant Agreement and an approved Scope of Work document.

Reporting Requirements

Once selected, partners are given reporting guidelines which include:

- Quarterly volume reports
- Midterm report at six months
- Annual report at 12 months

Grants Monitoring

Community Benefit staff are responsible for monitoring the progress of grant funded programs, which entails orienting grantees; providing assistance; reviewing reports; and maintaining relationships with grantees through site visits and phone calls. Grantee progress is reported to the ECHD Board of Directors by Community Benefit staff through the presentation of midterm and annual reports. These activities are described in more detail below.

Grantee Orientation

An orientation is held with grantees soon after they are notified of their grant award. The purpose of the orientation is to:

- Provide a review of the ECHD mission and purpose for Community Benefit,
- Provide an opportunity to meet with other grantees and identify areas for collaboration,
- Explain grantee reporting requirements,
- Review grantees' Scope of Work, and
- Provide general assistance (e.g., address questions about evaluation tools, budget, and midterm/annual reporting requirements).

The orientation will also provide the opportunity to discuss program implementation with grantees and how to meet and measure goals.

Monitoring

Monitoring consists of Community Benefit staff reviewing grantee reports (quarterly volume, midterm, and annual), and conducting phone consultations and site visits.

Data Dashboards

Community Benefit staff compile data from grantee reports into midterm and annual dashboards, which are presented to the ECHD Board of Directors. The review of dashboards allows the Community Benefit Program to assess the progress of grantees toward meeting their volume and impact targets. The dashboard includes a rating section that shows whether grantees met or fell below their targets as shown in the following table. The dashboard allows for grantees to explain why expected targets were not reached.

Rating Scale: Met (95%-100% plus) or Below (<95%)

Metrics	6 month target	6 month total	Rating Value (Total/Target)	Rating Result
Students served	65	67	103%	◦ Met
Students failing health screening, who saw a provider	80%	75%	94%	◦ Below
Uninsured students who have applied for healthcare coverage	100%	50%	50%	◦ Below

Policy 6. Public Access to Information: The District will post information on its website in order to ensure the public has access to data regarding all grants and sponsorships it awards.

Community Benefit Reporting

All program results are summarized in a six-month and a year-end report with a dashboard. These reports are presented to the ECHD Board of Directors. A comprehensive annual report for the community is produced that includes a summary of community benefit goals, program description, impact metrics and financial overview. Community Benefit reports are sent to elected officials, community leaders and community benefit partners. The report is also available on the ECHD website along with data regarding all awarded grants and sponsorships.

Sponsorships

The District's Community Benefit program includes both grants and sponsorships, both of which support relevant community organizations that impact the health and well-being of the community. Grants have a formal agreement with specific goals, accountability metrics and require regular reporting, while sponsorships support a single event and require submission of an application, but not a formal agreement or standardized reporting.

Criteria and the process to apply for sponsorships is described below

Criteria

- Non-profit organization or government agency promoting the health and well-being of District residents.
- Established and well respected with a history of strong service to the community.
- Mission to serve the underserved, those in need, reduce or prevent disease and address health disparities.
- Organization is located in the District or will agree that ECHD funds will serve those who "live, work or go to school in the District."

Process

- Organizations submit a request to the Community Benefit program.
- Staff reviews the request and determines the appropriate level of sponsorship.
- Staff coordinates with the organization regarding how the ECHD sponsorship will be communicated and promoted.
- Board, CBAC members or community members attend sponsored events.
- Sponsor provides information on meal costs. This expense will be deducted to adhere to Community Benefit reporting standards.
- Consideration is given to the frequency and amount of the sponsorship to determine year over year continued support.

Note: The District produces various documents enumerating specific procedures of its Community Benefit program. These documents may also contain summarized statements of the District's policies. In the event of any conflict between those materials and District policy, District policy shall control.

Attachment 7

Copy of District Community Benefit Advisory Council Charter

(Attached)



2500 Grant Road
Mountain View, CA 94040
Phone: 650-962-5853
www.elcaminohospitaldistrict.org

Community Benefit Advisory Council Charter

BOARD OF DIRECTORS

Dennis W. Chiu, JD
Patricia A. Einarson, MD, MBA
Julia E. Miller
David Reeder
John L. Zoglin

Purpose

The El Camino Healthcare District (ECHD) Community Benefit Advisory Council was established to provide an informed perspective, guidance and support for the District's community benefit programs. The advisory council ensures broad engagement in the development of the ECHD annual community benefit plan.

The Community Benefit Advisory Council (CBAC) is responsible for making recommendations for expenditure of ECHD's tax receipts for community benefit.

Membership

- Council Composition:** The CBAC will be composed of representatives from the community, up to two ECHD Board Members, physicians and senior management staff. Representatives may include professionals from public health, epidemiology, education, mental health, local government and community service organizations.
- Appointment:** The Advisory Council and Community Benefit staff will screen and recommend potential new members to the ECHD Board of Directors. The Board approves the final selection of new members.
- Term of Service:** CBAC members will serve a three year term and can be reappointed for one additional term. The Director of Community Benefit and the Vice President of Corporate & Community Health Services are standing members.
- Desired Competencies:** Knowledge/experience in understanding unmet health needs of underserved populations, experience with community based organizations in the District and knowledge of population health, primary prevention and the delivery of healthcare services.
- Desired Characteristics:** Council members should represent a diverse cross-section of the community. There should also be representation from the larger cities in the district. These are goals to achieve over time.
- Size of the CBAC:** 15 is the maximum number of members for the Council.

Authority and Responsibility

The CBAC will provide direction to support the implementation of the El Camino Healthcare District's community benefit plan. In carrying out these responsibilities, the CBAC will:

- Review needs assessment data and provide input into the health related needs of youth and adults in the District
- Review identified health priorities for health improvement initiatives
- Provide suggestions on programs to include in the annual Community Benefit Plan
- Provide input on best practices for meeting the health needs of the community
- Review the annual CB Plan
- Attend CBAC meetings
- Respond in a timely manner to electronic requests for input
- Serve as an ambassador for the District in the community, by attending CB sponsored events

Meetings

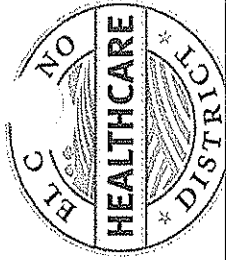
Frequency: The Community Benefit Advisory Council will meet three times a year or as needed.

Agenda: The Director of Community Benefit will send the agenda and pertinent materials for review in advance.

Attachment 8

List of Community Benefit Advisory Council Members

(Attached)



Community Benefit/Advisory Council Members

Community Members Name	Title	Email address	Phone	Mail Stop/Address	Years of Service
Wes Alles, Ph.D	Director, Stanford Health Improvement Program, Stanford University	walles@stanford.edu	(650) 725-4403	211 Quarry Road Stanford, CA 94305	1 year
Bonnie Broderick, R.D., M.P.H.	Director, Chronic Disease & Injury Prevention Program, Santa Clara County Public Health Department	Bonnie.Broderick@PHD.SCCGOV.ORG	(408) 793-2706	1400 Parkmoor, Suite 1208, San Jose, CA 95126	< 1 year
Julia E. Miller	Director, El Camino Hospital Board of Directors; Director El Camino Healthcare District Board of Directors	Julia@juliamiller.net	(408) 739-8789	1611 New Brunswick Ave. Sunnyvale, CA 94087	< 1 year
Rhonda Farber, Ph.D	Past Superintendent, Campbell Union High School District	rfarber50@gmail.com	(408) 323-1743- home (408) 335-5736- cell	1515 Redmond Avenue San Jose, CA 95120	< 1 year
Naomi Nakano-Matsumoto	Executive Director, West Valley Community Services	naomin@wvcommunityservices.org	(408) 866-3908	10104 Vista Drive Cupertino, CA 95014	1 year
Randy Tsuda	Director City of Mountain View	randal.tsuda@mountainview.gov	(650) 903-6456	500 Castro Street Mountain View, CA 94039	< 1 year
Mariyn Winkleby, Ph.D. M.P.H.	Professor of Medicine and Director of the Office of Community Health, Stanford University School of Medicine	winkleby@stanford.edu	(650) 723-7055	251 Campus Drive Stanford, CA 94035	< 1 year

Staff Name	Title	Email address	Phone	Mail Stop/Address	Years of Service
Barbara Avery	Director, Community Benefit (Chair)	barbara_avery@elcaminohospital.org	x7412	PARG20	3 years
Cecile Currier	President CONCERN-EAP; VP, Corporate & Community Health Services	cecile_currier@concern-eap.com	x7401	GRA1F	3 years
Chris Ernst	VP, Marketing & Corporate Communications	chris_ernst@elcaminohospital.org	x5853	WIL214	2 years
Cesar Molina, MD	Physician	armolina@pachbell.net	(650) 823-3303	SOJ23	3 years
Carla Paul	Director, Community Health Services	carla_paul@elcaminohospital.org	x7633	1C37	3 years
Cheryl Reinking	Vice Chief, Clinical Operations; MV	cheryl_reinking@elcaminohospital.org	x7121	1C34NSO	3 years
Anil Singhal, MD	Physician, RotaCare & ECH Foundation	asinghalmd@gmail.com	(408) 365-4271	449 London Park Court San Jose, CA 95136	2 years
Pat Wolfram	Vice President/ Hospital Administrator ECH LG	pat.wolfram@elcaminohospital.org	(408) 866-3908	LGH205	2 years

Attachment 9

Copy of District Fiscal 2012 Community Benefit Report

(Attached)



2012 Community Benefit Report

FOR THE FISCAL YEAR ENDING JUNE 30, 2012



2012

This publication includes a report of Community Benefit activities for fiscal year 2011-2012 for both the El Camino Hospital District and El Camino Hospital. For clarity, the report is divided into two sections, each with a description of programs, highlights of the year's accomplishments, and a financial summary.

El Camino Hospital District and El Camino Hospital's Community Benefit Programs are funded separately, and each is focused on a distinct geographical area. The goal is the same: to make meaningful investments in the community that will help ensure individuals — especially the less fortunate — receive the health care they need, and to fund programs and activities that are working to improve the health and wellbeing of the community as a whole.

More detailed information — including 2012 Community Benefit Plans for both El Camino Hospital District and El Camino Hospital, the 2012 Community Benefit Reports for both, as well as past Community Benefit Reports — can be found at www.elcaminohospitaldistrict.org/Community_Benefit and www.elcaminohospital.org/BenefitReport.

2012 COMMUNITY BENEFIT REPORT

- p. 9** District-funded Programs
- p. 21** Total District Community Benefit – Fiscal Year 2011–2012
- p. 23** Hospital-funded Programs
- p. 33** Total Hospital Community Benefit – Fiscal Year 2011–2012

TWO COMMUNITY BENEFIT REPORTS, ONE GOAL: BETTER HEALTH FOR THE COMMUNITY

EL CAMINO HOSPITAL DISTRICT COMMUNITY BENEFIT PROGRAM

The El Camino Hospital District has made a major commitment to the community through its yearly allocation of funds to local nonprofit agencies, school districts, and government-funded programs. The goal is to make a meaningful impact on the health of the community — specifically, underserved residents of the El Camino Hospital District.

El Camino Hospital District Community Benefit funds, which focus on programs that serve residents of the District, are approved each year by the El Camino Hospital District Board of Directors and administered by the hospital's Community Benefit staff.

EL CAMINO HOSPITAL COMMUNITY BENEFIT PROGRAM

As a nonprofit organization, El Camino Hospital upholds its responsibility to give back to the community through designated community benefit activities such as charity care, subsidized health services, education, training for health professionals, and addressing shortfalls in reimbursement from government programs such as Medi-Cal. In addition, the hospital collaborates with local nonprofit agencies and other community partners to provide care and promote health in response to the documented health needs of the community.

El Camino Hospital Community Benefit funds — which focus on programs serving residents in the hospital's wider service area including West San Jose, Campbell, and Los Gatos — are approved each year by the El Camino Hospital Board of Directors and administered by the hospital's Community Benefit staff.

"Both the El Camino Hospital District and El Camino Hospital take one of the most thorough and thoughtful approaches to grant-making in the community. Through this strategic and metrics-based approach, organizations dedicated to serving those in need in our community are better able to evaluate the impact of their work and can then leverage these strengths as they go forward in this most vital work."

– Cecile Currier, vice president of Corporate & Community Health Services, El Camino Hospital, and CEO of CONCERN: EAP



COMMUNITY BENEFIT

Both the El Camino Hospital District and El Camino Hospital follow national guidelines* when planning their annual Community Benefit Programs. To qualify as community benefit, programs and activities must do the following:

- Improve access to health care services
- Enhance the health of the community
- Advance medical or health knowledge
- Relieve or reduce the burden of government or other community efforts
- Provide charity care that does not include bad debt, contractual allowances, or quick-pay discounts

*Developed by the Catholic Health Association.

A COMMON FOUNDATION

The foundation of El Camino Hospital District and El Camino Hospital's Community Benefit Programs is the Community Health Needs Assessment, conducted every three years by the Santa Clara County Community Benefit Coalition led by the Public Health Department. El Camino Hospital is a member of this coalition and sits on the executive committee. The most current needs assessment is the 2010 Santa Clara County Health Profile Report. A new assessment will be completed in 2013.

Each year, El Camino Hospital Community Benefit staff, who oversee and administer the two Community Benefit Programs, prepare individual Community Benefit plans for the District and the hospital. The Community Benefit Advisory Council, which consists of board representation, members of the community, and hospital leadership provide input.

Each plan is developed using data from the Health Profile Report as well as information brought forward by existing and potential funding partners. The El Camino Hospital District Community Benefit Plan outlines programs that will serve residents of the District, which includes Mountain View, Los Altos, Los Altos Hills, Sunnyvale, and a portion of Cupertino. The El Camino Hospital Community Benefit Plan outlines the programs the hospital will support in the coming year in communities outside the El Camino Hospital District, which include Campbell, Los Gatos, Saratoga, West San Jose, and parts of Cupertino.

Both plans focus on the following areas of need:

- Increasing access to primary and preventive care services
- Reducing obesity and encouraging healthy active lifestyles for long-term health
- Enhancing emotional wellbeing by increasing access to mental health services
- Meeting the special needs of vulnerable populations such as seniors and the homeless



OUR COUNTY'S HEALTH AT A GLANCE

Santa Clara County residents, as a whole, enjoy better health than most of California and the rest of the country, according to the Santa Clara County 2010 Health Profile Report — yet negative trends and disparities exist. Low-income individuals typically have inadequate access to medical and dental services. Disparities also exist due to gender, race, and ethnicity. The data also shows that risk factors affecting the local population include obesity, poor nutrition, and untreated mental and emotional problems.

1 **ISSUE:** Increasing access to primary and preventive care services

- Santa Clara County has one of the highest median incomes in the nation, but one in 10 children and one in 12 adults live below the federal poverty level
- About two in 10 adults ages 18–64 in Santa Clara County do not have health insurance, including three in 10 African Americans and four in 10 Hispanics
- Over the past decade, the percentage of uninsured adults has more than doubled
- In 2012, the unemployment rate was 8.2 percent; 74,000 adults did not have jobs
- One-third of adults do not have dental insurance
- The percentage of adults not able to see a doctor due to cost or lack of insurance (5 percent in 2000) has more than doubled (13 percent in 2009)

2 **ISSUE:** Reducing obesity and encouraging healthy active lifestyles for long-term health

- More than half of adults and a quarter of middle and high school students in the county are either overweight or obese
- Only 37 percent of students attend daily physical education classes
- 10 percent of adults and nine percent of middle and high school students are smokers
- One in four adults and nearly one in eight middle and high school students engage in binge drinking

3 **ISSUE:** Enhancing emotional wellbeing by increasing access to mental health services

- 33 percent of individuals surveyed reported their mental health was not good at least one day in the past 30 days
- This number is higher among adults ages 18–24 (55%), women (35%), Hispanics (41%), and African American adults (47%)
- 77 percent of youth said access to and use of drugs and alcohol were a serious threat to their success

4 **ISSUE:** Meeting the special needs of vulnerable populations such as seniors and the homeless

- Seniors, especially those who are low-income or medically frail, experience multiple, critical medical and social needs
- More than one in 10 Santa Clara County residents are age 65 and older; the number of seniors is expected to double by 2050
- Approximately 5 percent of seniors reported they had more than 15 days of poor mental health
- About 6 percent of seniors reported that they were currently receiving counseling from a mental health professional
- 18 percent of all suicides in Santa Clara County are committed by seniors
- Seniors have an average of three chronic conditions requiring medical care

How the plans are developed

A strength of both the El Camino Hospital District and the El Camino Hospital Community Benefit Programs is the thorough selection process used to determine each year's grantees. Community Benefit staff review the grant applications and schedule meetings and onsite visits with existing and potential partners.

Staff then work collaboratively with potential partners to develop plans that reflect both local health needs and those outlined in the Health Profile Report.

Criteria for selecting partners

- Must be a health-related, local nonprofit organization, government-sponsored health program, school district, or community coalition
- Must be well-established and respected, with a history of strong service to the community
- Mission must be to serve the underserved, address health disparities, and meet documented health needs
- Program directors should be respected and highly competent; the organizations themselves must demonstrate a competence to address the identified needs
- High value goes to funding programs and partnerships that emphasize collaboration as a way to enhance effectiveness and avoid duplication of services



Expectations of partners

Partners must demonstrate rigorous accountability in return for investment of El Camino Hospital District and El Camino Hospital Community Benefit funds. Each prospective partner must submit a proposal that includes an overview of the specific program for which the funds are requested, a description of the measurable impact of the program being funded, activities, budget, and key personnel.

Once selected, partners are given reporting guidelines which include quarterly volume reports, an interim report at six months with metrics, and an annual report with a full year of data and metrics. All program results are summarized in a six-month and a year-end report. Annual Community Benefit Reports are submitted to the Office of Statewide Health Services Planning and Development (OSHPD) and are also distributed to the community.

DEAR FRIENDS,


The El Camino Hospital District was established by voter approval in 1956 in response to the need for a hospital that would serve the health care needs of residents living in Mountain View, Los Altos, Sunnyvale, and surrounding communities. In the years since El Camino Hospital opened, the District's five publicly elected or appointed representatives, as stewards of this valuable asset, have always had the health of the community as their highest priority.

Five years ago, the El Camino Hospital District Board took this commitment even further by establishing a robust Community Benefit Program, funded through annual District tax receipts, that would help meet the health care needs of residents of the District with limited access to care. Through these Community Benefit funds, local nonprofit agencies, school districts, and government-funded programs have been able to expand the scope and size of their programs, especially important during the recent economic downturn.

The Board's innovative approach to Community Benefit funding — asking partners to establish annual goals and measure the effectiveness of their programs — has led to partners themselves seeking new and innovative ways to improve the health of our fellow District residents. School programs such as Playworks and HealthTeacher, for example, focus on the health of children now, but with an eye to their futures as well. When children are encouraged and taught to make good food choices and to be more active, they will be less likely to be obese as adults. Obesity, as we know, is one of our country's most pressing health concerns.

Improving the community's health is a team effort — no one provider, agency, or program can do it alone. As this important mission continues, the El Camino Hospital District remains committed to the work that began five years ago: using our resources to make a meaningful difference in the health and quality of life for members of our community.

Sincerely,



John Zoglin
Chairman
El Camino Hospital District Board of Directors



EL CAMINO HOSPITAL DISTRICT 2012 COMMUNITY BENEFIT REPORT



The El Camino Hospital District is committed to closing gaps in health care access that adversely affect the health and wellbeing of individuals in our community and is a vital funding partner for school districts, non-profit organizations, safety net clinics, and government programs. These organizations are working with the El Camino Hospital District to achieve a common goal: to significantly impact persistent unmet health needs in our community.

Funds for these community health improvement programs come from a portion of annual property taxes collected by the District, which are then awarded to programs that serve residents within the boundaries of the El Camino Hospital District (see map, page 35).

"The El Camino Hospital District was established by voters 50 years ago to create a hospital close to home, where District residents could receive quality medical services in a hospital that was owned and governed by the residents of the District. Like every public agency, we are continuously seeking to improve our transparency and public accountability. As trustees of this valuable asset, we are proud of our ability to continue delivering on the District's mission to provide medical facilities and quality health care services for the people we serve."

- Wes Alles, member, El Camino Hospital District Board of Directors

1 ISSUE: Increasing access to primary and preventive care services

In 2012, the El Camino Hospital District invested more than \$5.5 million in community partnerships that help individuals in the District who lack adequate resources to get the health care they need for themselves and their families.

MEETING BASIC NEEDS

RotaCare Clinic, Mountain View

The RotaCare Clinic on the campus of El Camino Hospital in Mountain View provides primary care and specialty services to area residents in need, such as families of the working poor, individuals who are temporarily out of work and uninsured, as well as individuals who cannot afford health insurance. The clinic also provides health screenings and chronic disease management. A dedicated staff and volunteer physicians, nurses, pharmacists, and interpreters provide medical services. The clinic is dependent on a number of funding sources, a major portion of which is El Camino Hospital District Community Benefit funds.

- Patients served: 2,700
- Services provided: 16,031
- Patients complying with mammography referrals: 85%

MayView Community Health Center

In Mountain View, home of some of Silicon Valley's most successful high-tech companies, one in five residents is living below 200 percent of the federal poverty level. MayView Community Health Center, a nonprofit community clinic providing primary care services to low-income families, is an essential part of the health care safety net and a medical home for many low-income patients. El Camino Hospital District Community Benefit Program helps to fund a primary care physician and vaccinations for more than a thousand people annually.

- Patients served: 1,145
- Chronic asthma patients on long-term medications: 87%

El Camino Hospital Immunization Program

The risk of communicable disease is a significant problem in the community, especially among the underserved. Santa Clara County has the third-highest tuberculosis (TB) rate in California; four in five TB cases are among Asian Pacific Islanders. El Camino Hospital District Community Benefit Program funds help prevent the spread of infectious diseases such as tuberculosis, flu, pneumonia, and hepatitis in the community.

- Patients served: 3,244
- Immunizations provided: 9,666



Valley Health Center, Sunnyvale

Valley Health Center, a community clinic that serves low-income families in northern Santa Clara County, has developed a “medical home” where patients receive all the care they need in one place. The clinic also offers full-service dental care, a vital resource not readily available to individuals without insurance or funds to pay for the care.

Now in its third year, El Camino Hospital District’s partnership with Santa Clara Valley Medical Center was recently recognized in a resolution from the Santa Clara County Board of Supervisors (on page 12).

- Patients served: 4,229
- Number of encounters: 10,360

A ROUTINE GYNECOLOGICAL EXAM SAVED SARA’S LIFE.

Sara, 37, had come to the RotaCare Clinic for another health issue but also signed up for a gynecological exam. When she saw the volunteer gynecologist, she mentioned a lump in her left breast, which was verified during the examination. Sara was sent to get a diagnostic mammogram, which was then interpreted by an El Camino Hospital radiologist who recommended an urgent biopsy.

Immediate action was needed but several hurdles arose: a large case load at Valley Medical Center as well as financial issues that were frightening to the unemployed Sara. Fortunately, just at this time, RotaCare was planning a Surgery Day for its patients in partnership with Palo Alto Medical Foundation (PAMF). PAMF not only agreed to do the diagnostic surgery for free but also to handle Sara’s case from there on out. They assembled an oncology team to review her condition and develop a plan of action, which included blood work, x-ray, biopsy, chemotherapy, MRI, and a follow-up with an oncologist.

Sara reports that she feels good (and tremendously relieved) and her doctors can no longer detect any lumps in her breast. Her routine gynecological appointment at RotaCare caught the cancer when there was still a very good chance of successful treatment.



RESOLUTION

WHEREAS, cuts in California's state budget have resulted in reductions in coverage for critically important preventive services for Santa Clara County residents using Medi-Cal, and many more people have recently been left without health care coverage due to recent economic constraints across the country, and...

WHEREAS, El Camino Hospital District has donated \$3,814,000 over the past three years to underwrite otherwise unfunded services at Valley Health Center in Sunnyvale, and...

WHEREAS, the partnership between El Camino Hospital District and Santa Clara Valley Medical Center is a model of collaboration between a public health system and a nonprofit hospital district to meet their shared goal of improving our community's health...

BE IT RESOLVED that the Board of Supervisors of the County of Santa Clara of the State of California does hereby commend and thank the El Camino Hospital District for its dedication to the health of the people of Santa Clara County and the partnership it has undertaken to make the most cost-effective, direct use of its funds to benefit the health of our community.

Children's Dental Center, Sunnyvale

Now in its second year of operation, the Children's Dental Center of Sunnyvale is serving low-income families who have little or no access to much-needed oral health services. The clinic is sponsored by the Health Trust, with funding from the El Camino Hospital District and First 5 Santa Clara County.

- Number of visits: 5,814
- Treatments and procedures: 23,237

Sunnyvale Community Services

According to the Santa Clara County Health Profile, 16 percent of Sunnyvale residents and one-fifth of children under age 18 are living below 200 percent of the federal poverty level. The impact of the recession, with layoffs and home foreclosures, has likely made these numbers higher. Support from El Camino Hospital District Community Benefit funds allows Sunnyvale Community Services to provide financial aid for food, medicine, and medical supplies for low-income residents in Sunnyvale.

- Clients served: 622



Lucile Packard Teen Health Van

Twenty percent of children under the age of 18 in Mountain View live below 200 percent of the federal poverty level. The Lucile Packard Teen Health Van, with its mobile health care services, is a critical health care safety net program in the community. The Teen Health Van makes regular visits to schools in the Los Altos-Mountain View High School District, providing primary and preventive health care services for homeless and at-risk students. In collaboration with Lucile Packard Children's Hospital, El Camino Hospital District Community Benefit Program funds support the service at one high school.

- Students served: 128
- Services provided: 376

Healthy Kids

Healthy Kids is a locally funded health insurance program that covers children who do not qualify for Medi-Cal or the Healthy Families program. With budget cuts and the defeat of Measure A in 2010, coverage has been available to fewer children. Because of funds from the El Camino Hospital District Community Benefit Program, 200 low-income children have comprehensive health care coverage.

"We cannot do our work without the support of the El Camino Hospital District, which brings not only an unparalleled understanding of the District's health care needs, but the funding that made this dental clinic a reality."

– Todd Hansen, chief operating officer,
The Health Trust

A THANK YOU FROM SCHOOL NURSES

Barbara Avery, director of Community Benefit, was chosen as the 2012 recipient of the California School Nurses Organization's Lyda Smiley Award, which honors an outstanding person, other than a school nurse, who has made a significant contribution to the wellbeing of children and the practice of school nursing.

"Barbara, you have been the 'face' of the El Camino Hospital District and El Camino Hospital as you implemented the Community Benefit Program," the award reads. "The services represented make a significant difference for those who are at risk and vulnerable in our community. With the increase in school nurse staffing made possible by the El Camino Hospital District and El Camino Hospital, approximately 38,000 students and their families in Santa Clara County have benefited from increased access to vision care, dental care, and better management of chronic diseases."

– Katherine Waugh, RN, MS, CNS, president,
California School Nurses Organization

"As a grantee of the El Camino Hospital District Community Benefit Program for three years, we have been able to make a difference in the lives of more than 14,000 Mountain View students at a critical point in their lives. The grants have enabled us to provide school nursing services, counseling, and crisis intervention. In today's challenging funding environment, it is rare to find a granting organization so integrated and involved in the health of the community."

– Craig Goldman, superintendent, Mountain View-Whisman School District

SCHOOL HEALTH PROGRAM

A centerpiece of the El Camino Hospital District's Community Benefit Program is the school health program, which funds additional school nurses and health aides for elementary and middle schools in the District. The District's Community Benefit Program also funds children's school programs that are working to promote health education and active, healthy lifestyles for long-term health.

School nurses

Schools are a hub where many students and their families receive needed health care services. In today's schools, where mainstreaming (in which special-needs students are incorporated into traditional classrooms) is the norm, school nurses see more medically fragile children, including cancer patients, diabetics, or handicapped children needing special procedures. School nurses provide first aid as well as immediate emergency care such as when a child suffers from a severe food allergy. These additional nurses ensure children are safer in their schools than they were before. With screening and follow-up services, children are receiving the help they need to be healthier physically, mentally, and emotionally.

Mountain View-Whisman School District

The school district has seven elementary schools and two middle schools. The school population is highly diverse, with a large percentage coming from low-income, underserved families. El Camino Hospital District Community Benefit funds have made it possible to add two nurses and a health aide to the staff.

• **Students served: 3,353**

Sunnyvale School District

With funding from the El Camino Hospital District Community Benefit Program, the Sunnyvale Unified School District has been able to hire an additional school nurse as well as a health aide for students in eight elementary and two middle schools. School district leaders also report that one of the greatest problems among the schools is the lack of mental health services. This is especially true in low-income schools, where many children struggle with emotional difficulties and there are few resources available to help them. Other issues facing the schools are truancy and bullying. With El Camino Hospital District Community Benefit funds, mental health and counseling services provided by the Community Health Awareness Council are now available to at-risk students in all 10 Sunnyvale School District's schools.

• **Students served: 3,404**

Cupertino Union School District

The Cupertino School District includes schools that fall both within and outside of the El Camino Hospital District boundaries. Funding for the salary of a nurse and a health aide is split between El Camino Hospital and the El Camino Hospital District. The increased staffing has helped to expand student access to health, dental, and vision screenings, as well as health education programs and services for special-needs students.

2 ISSUE: Reducing obesity and encouraging healthy active lifestyles for long-term health

According to the Centers for Disease Control and Prevention, childhood obesity has more than doubled in the past 30 years. In 2008, more than one-third of children and adolescents were overweight or obese. Obesity has a major impact on health, both short and long term. Doctors are seeing more children with prediabetes, high cholesterol, and elevated blood pressure. Children who are obese also suffer from social and psychological problems such as not being accepted among peers, bullying, and low self-esteem. In the long term, obesity can lead to heart disease, diabetes, cancer, and arthritis.

Responding to this growing public health concern, the El Camino Hospital District Community Benefit Program each year funds programs that are working to lower the risk of obesity among children. These programs emphasize healthy lifestyle habits — such as good nutrition and physical activity — and reinforce the impact that school nurses have on children's health.

INVESTING IN CHILDREN'S LONG-TERM HEALTH

Bay Area Women's Sports Initiative (BAWSI)

Bay Area Women's Sports Initiative (BAWSI) is an after-school fitness and confidence-building program that introduces young girls to physical activity. The girls are coached by college and high school female student athletes. An exercise and nutrition program provided at school helps mothers become physically active and learn better ways to cook, shop, and eat. BAWSI is offered at Theuerkauf Elementary School in Mountain View, a Title I school.

5210 Program

In collaboration with the Palo Alto Medical Foundation, El Camino Hospital District funds are supporting a school-wide health campaign called 5210 in four low-income elementary schools in the Sunnyvale School District and one school in the Mountain View-Whisman School District.

The program promotes certain daily activities that enhance health. Children pledge to eat five or more fruits and vegetables, have two hours or less of screen time, one hour of physical activity, and no sweetened beverages.

5210 also includes school assemblies, meetings with parent groups, goal setting with achievement prizes, and integration into the Playworks program.

A SUCCESSFUL END TO A YEAR OF MENTORING

The BAWSI girls, all wearing their purple t-shirts, threw a thank you party for Miyoko, their head coach, at the end of the season. During her frequent recess and lunch visits, Miyoko had talked about the importance of eating lots of fruits and vegetables. So it was a pleasant surprise for Miyoko to see the girls bring a variety of fruit and other healthy snacks instead of traditional party food. In response to the program and the coaching they are receiving from their mentors, the girls have been positive, saying they like the exercise, are having fun, and are making new friends. "I feel like a winner," one girl said.





The 5210 Program has had a huge impact on Lakewood Elementary School. Teachers continue to comment about how their students' attitudes have changed in regards to health and fitness.

"When a first grader approaches you and says, 'Look, I am eating an apple for a snack,' you know the program is working."

– Kevin Davis, 5th grade teacher, Lakewood

"Thank you for providing my daughter and me with the opportunity to participate in the cooking classes. We're learning to make great meals."

– Leticia, parent, San Miguel Elementary

"It is very surprising how much sugar can be in what I think are healthy drinks!"

– 5th grader, San Miguel Elementary

Playworks

Playworks, a nonprofit organization that first started in Berkeley and is now in schools nationwide, works to give children plenty of opportunities for physical activity and safe, meaningful play during their school days. The goal is to increase children's physical activity and foster a better social climate.

El Camino Hospital District Community Benefit Program funds the Playworks program at several local schools in the District.

- Students served: 2,084
- Principals reporting decrease in suspensions, referrals, and/or fights: 94%

HealthTeacher

An online health education curriculum for K–12 teachers, HealthTeacher gives them an opportunity to fit important health information into the day's learning. The various lessons help students increase their health literacy and learn how to avoid risky behaviors such as alcohol consumption, tobacco use, poor nutrition, and inactivity. El Camino Hospital District partners with Lucile Packard Children's Hospital to provide HealthTeacher to local schools in the District.

- Schools served: 31
- Teachers reporting satisfaction with program: 90%

West Valley Community Services

A nonprofit agency located in Cupertino, West Valley Community Services (WVCS) provides basic services for individuals in need. Low-income families and individuals have access to food pantries through the Raising a Healthy Eater Program, and they learn about nutrition, the causes of obesity, and how healthy lifestyle choices are possible, even when resources are scarce. El Camino Hospital District funds help support this program and other services that assist families and children in need.

- Clients served: 714
- Clients enrolled in CARE Case Management Program: 81%



3 **ISSUE:** Enhancing emotional wellbeing by increasing access to mental health services

Through partnerships with local mental health services agencies, the El Camino Hospital District Community Benefit Program provides psychiatric treatment and counseling for individuals in its community who have emotional issues such as stress and anxiety. When mental health and emotional issues are neglected, physical health can suffer.

SUPPORT FOR OUR TEENS **Community Health Awareness Council**

The 2010 Health Profile Report documented an unhealthy level of serious, risk-taking behaviors among the county's youth. To address this issue, the Community Health Awareness Council, a nonprofit mental health services agency in Mountain View, offers a number of counseling and therapy programs for children, adults, and families.

El Camino Hospital District Community Benefit Program funds support the Teen Talk and Prevention Plus programs in the Mountain View-Whisman and Sunnyvale School Districts. Through these programs, students and families work on issues such as smoking, substance use, bullying, family problems, and depression.

- **Students served in Teen Talk program: 614**
- **Students served in Prevention Plus program: 922**

FILLING THE GAPS IN MENTAL HEALTH SERVICES

Momentum for Mental Health

Momentum for Mental Health helps people achieve mental and emotional wellbeing. El Camino Hospital District Community Benefit funds support psychiatric evaluations, medication management, and case management for individuals with no insurance or resources to access mental health services.

- **Patients served: 161**
- **Services provided: 1,601**

4

ISSUE: Meeting the special needs of vulnerable populations such as seniors and the homeless

Fulfilling its responsibility to all citizens in the community, El Camino Hospital District Community Benefit funding provides help for vulnerable populations such as seniors, the homeless, and individuals with barriers — such as cultural differences — that make it hard to access basic medical care.

CULTURALLY SENSITIVE PROGRAMS

Alzheimer's Association

El Camino Hospital District Community Benefit Program funds support the efforts of the Alzheimer's Association through its Chinese Dementia Initiative to increase awareness of the disease among the local Chinese community and to build a network of care for Chinese families coping with the disease. Funds support staffing, the development of educational materials, public awareness efforts, and a half-day Chinese Caregiver Conference.

- Participants served: 750
- Chinese caregivers given training and resources for dementia care: 538

South Asian Heart Center

Research shows that individuals of South Asian descent are disproportionately affected by coronary artery disease and diabetes, compared with the general population. A large number of South Asians live in the communities served by the El Camino Hospital District. District Community Benefit Program funds help the center screen and educate members of this group about how to manage their cardiac risk factors. Special emphasis is placed on screening underserved or uninsured individuals.

- Participants: 928
- Underserved/uninsured individuals screened: 250

GIVING SENIORS A HAND

RoadRunners Transportation Program

Lack of transportation has a huge impact on the health and safety of many seniors. Not being able to drive or access public transportation is a major barrier for seniors in keeping medical appointments and remaining independent. For 26 years, the RoadRunners Transportation Program, with its corps of experienced, friendly volunteer drivers, has provided thousands of rides a year to seniors and others in need.

- Clients served: 1,133
- Rides provided: 13,054



Mountain View Community Services Agency

By 2050, Silicon Valley will see a 50 to 75 percent increase in the number of residents over 65, with the fastest rate of growth among individuals 85 or older. Seniors typically develop multiple chronic medical conditions requiring many health services. El Camino Hospital District Community Benefit Program funds provided a case management program for seniors with chronic illnesses, helping them find community resources. This service helps seniors avoid unnecessary emergency department visits, hospitalization, and institutionalization, allowing them to remain independent.

- Patients served: 78
- Patients maintaining independent living outside institutional setting: 97%

PROVIDING A SANCTUARY

Medical Respite Program

The Medical Respite Program provides a clean, safe place for homeless patients to receive medical care when they are discharged from the hospital. The objective is to link the homeless patient to a primary care home and help them access benefits, including housing. Such programs benefit the community by decreasing the number of homeless people living on the streets.

PROGRAM RESTORED HEALTH AND DIGNITY

Richard, who has been homeless for more than 20 years, was recently living in his wheelchair behind a gas station. Because he was suffering from a severe infection in both legs, he was spending 24 hours a day in the chair. His hygiene was so poor that bus drivers would not let him on the bus.

Richard was eventually admitted to the hospital. At discharge, he was referred to the Medical Respite Program, where he spent six weeks recovering from the wounds on his legs. While at Medical Respite, he worked with his case manager and the Medical Respite staff to apply for benefits and find housing. He is now living in a studio apartment of his own. His case manager has connected him to critical medical services and Richard has gone from being unable to move from his wheelchair to being able to stand and walk on his own for short periods of time.

New Directions

Among the medically underserved are individuals who are homeless or who live in unstable housing. Two-thirds of these individuals also have mental health and/or substance abuse problems, and most are disabled. They are frequent users of hospitals' emergency departments, some making eight or more visits a year to one or more hospitals. New Directions is a collaboration between the Hospital Council of Northern and Central California and local hospitals. The program helps individuals find medical care, mental health services, substance abuse services, and assistance in finding permanent housing and employment. El Camino Hospital District funding enabled the program to expand its capacity by 50 percent this year.

- Patients served: 27
- Services provided: 596

Pathways Home Health and Hospice Agency

El Camino Hospital District Community Benefit funds enable Pathways to serve patients who need — but are unable to afford — hospice care.

- Patients/families served: 77
- Patient/family satisfaction with hospice services: 96%



SENIORS CALL ROADRUNNERS' DRIVERS THEIR "SAVIORS"

For one client, the service provided by RoadRunners is not just convenient, it's essential to her survival. In frail health for many years, she's scheduled a trip to the hospital every two weeks for a lab procedure or to check in with her doctor. In addition, she's had several unscheduled hospital admissions and has had to depend on RoadRunners to get her there.

"Because we know her situation, we drop what we're doing if she calls," says Betty Smith, RoadRunners office coordinator. "We know how much she is depending on us."

"Despite living in a large population area, many seniors find themselves without family or good friends nearby. Often they have no one to depend on for transportation. Betty continues, "That's where RoadRunners comes in. Our drivers are volunteers, but they're known as 'saviors' to many of our clients. The thanks go both ways, however. The people we meet in this service, with all their wisdom and experience, give us so much in return."

SPONSORSHIPS

El Camino Hospital District's Community Benefit Program also sponsors a number of local nonprofit organizations and government agencies that fill critical gaps in health care services and address health disparities.

- Association of Fundraising Professionals – Philanthropy Day
- Aging Services Collaborative
- Alzheimer's Association
- Bay Area Women's Sports Initiative (BAWSI)
- Cancer Support Community
- Chinese American Coalition for Compassionate Care
- City of Sunnyvale – Senior Center
- Community Health Awareness Council
- Community Service Agency – Mountain View
- K.I.D.S. 5K Run
- Los Altos Rotary Endowment – Senior Health Fair
- Mountain View Police Activities League – Youth Camp
- National Alliance for Mental Health (NAMI)
- Pathways Hospice Foundation
- RotaCare Bay Area
- Santa Clara Family Health Foundation – Healthy Kids
- Sunnyvale Community Services
- Sunnyvale Senior Center
- VMC Foundation



FINANCIAL ACCOUNTING

Grants	\$5,152,570
Sponsorships	\$154,469
Government-sponsored health care (Healthy Kids program)	\$200,000
Total Fiscal Year 2011–2012 El Camino Hospital District Community Benefit	\$5,507,039

DEAR FRIENDS,

Throughout our 50-year history, El Camino Hospital has been a trusted resource in the community for emergency and medical care. As a nonprofit organization, we have taken this responsibility further by offering a number of programs and services that allow us to give back to the community that supports us. Among these are Community Benefit programs that include charity care, free and low-cost services, education and training for future providers, and partnerships with community organizations that are striving to ensure that all individuals have a chance to get the health care they need for themselves and their families.

This 2012 Community Benefit Report shows the work that El Camino Hospital is doing to respond to the documented health needs of our community — especially the needs of people who lack resources and access to health care. The report also shows some of the community outreach activities we are investing in which we believe will impact the lives and health of future generations. For example, we are investing funds to help young children from low-income families get off to a healthier start through the Early Head Start program. With the additional school nurses funded by our Community Benefit Program, elementary school children have preventive screenings and follow-up care. Our high schoolers, who are vulnerable to risky behaviors such as drug and alcohol abuse, are able to get counseling during crisis situations through EMQ (formerly Eastfield Ming Quong) FamiliesFirst programs.

Our commitment to the health of the community starts with Community Benefit, but does not stop there. We partner with other community providers, working together to improve the health of individuals throughout their lives — through prevention, education, access to primary care, chronic disease management, and help with decision-making for end-of-life care. Keeping yourself well is very much a personal responsibility; nevertheless, we want to be your partner in helping you achieve your own health goals.

Sincerely,



Tomi Ryba
CEO and president
El Camino Hospital



EL CAMINO HOSPITAL 2012 COMMUNITY BENEFIT REPORT



SERVING THE COMMUNITY FOR MORE THAN 50 YEARS

Throughout its history, El Camino Hospital has been a community hospital in every sense of the word, ensuring that residents of the community have access to the health care they need — including 24/7 emergency services, mental health programs, maternity care, expert medical and surgical treatment, as well as health promotion activities such as access to care, screenings, mental health services, and community education.

As a nonprofit organization, El Camino Hospital upholds its responsibility to give back to the community through designated Community Benefit activities, as well as through community health improvement programs, which are developed to provide treatment or promote health and healing in response to the documented health needs of the community.

WHEN EXTRA HELP IS NEEDED

"In El Camino Hospital's Patient Financial Services Department last fiscal year, we were able to help 77 patients obtain Medi-Cal eligibility through our Medi-Cal eligibility assistance program. These patients presented through the Emergency Department or were direct admissions and were uninsured.

"We meet with all uninsured patients who are admitted to the hospital and conduct an initial screening to determine if the patient is eligible for Medi-Cal. If the patient is a potential candidate for these programs, we will assist them with the application process, interviews, and anything else they need.

"I remember one patient especially who came to the Emergency Department for treatment. He had lost his job and was homeless. We helped him successfully apply for Medi-Cal and state disability. His health care needs were taken care of, his health has recovered, and he is back to work. It is so satisfying to be able to help."

– Ted Smith,
interim director, Patient Financial Services



1 ISSUE: Increasing access to primary and preventive care services

Lack of access to basic health care is a serious issue for people in our community. Individuals and families forgo medical treatment because paychecks often will not stretch far enough to afford visits to a doctor. When a serious problem arises, people who cannot afford treatment go to hospital emergency departments, underlying conditions go untreated, and chronic conditions go unmanaged. El Camino Hospital provides care for individuals in need through hospital services as well as through community programs. Both support the hospital's commitment to Community Benefit.

MAKING SURE NO ONE GOES WITHOUT CARE

Charity care

Any individual who cannot pay the bill for emergency services or the cost of a hospital stay and who meets the hospital's guidelines for charity care is eligible for a reduction or even the elimination of a hospital bill. The policy for both inpatients and outpatients applies to patients who are uninsured, underinsured, ineligible for government programs, or are otherwise unable to pay for their medical services.



Medi-Cal

Medi-Cal is a public health insurance program that provides needed health care services for low-income individuals, including families with children, seniors, persons with disabilities, children in foster care, pregnant women, and low-income people with specific diseases such as tuberculosis, breast cancer, or HIV/AIDS. Medi-Cal is financed equally by the state and federal government.

- **Number of Medi-Cal patients served (Mountain View and Los Gatos campuses): approximately 1,119 inpatient admissions; 108,000 outpatient visits.**

INVESTING IN THE FUTURE

Education and training

Without sufficient opportunities to complete internships/externships and other student trainee programs, tomorrow's health care workers will not be ready to fill the positions required to ensure future patients will have the quality care they need. El Camino Hospital offers a significant number of trainee positions in nursing, radiology, clinical laboratory, cardiac and pulmonary rehabilitation, and respiratory medicine. Nursing students from universities and community colleges are placed in areas of the hospital where they can receive hands-on experience with patients while being mentored by the nursing staff.

- **Health care students trained in fiscal year 2011-2012: 299**
- **Cost to train students, including percentage of staff salaries, as well as supplies: \$919,620**

SCHOOL HEALTH PROGRAM

Fulfilling a commitment to improve the health and wellbeing of youth, the hospital is providing support to many of the community's public schools, often the only place where children from low-income families receive basic health care.

School nurses

In this time of shrinking school budgets, school nurses are stretched thin, often having to divide their time between many schools within a school district and unable to provide necessary follow-up care. In addition, school nurses today are increasingly called upon to deal with serious conditions such as asthma, diabetes, and mental health issues. They are also responsible for the care of medically fragile children in our school districts.

Many children, especially those who come from underserved households, often have no health care provider outside of the school nurse. Through the El Camino Hospital Community Benefit Program, school districts in Campbell, Cupertino, and Santa Clara have been able to add full-time nurses and health aides. These nurses have been able to substantially increase the scope and quality of health care services for students. Nurses audit student health records, follow up after vision, hearing, scoliosis, and dental screenings, and provide case management for students with chronic illnesses. They also connect students and families with other health-related services available in the community, including low-cost health insurance.

Campbell Union School District

Community Benefit funds have made possible the addition of two full-time school nurses and a health aide for the nine elementary and three middle schools serving the communities of Campbell, San Jose, Los Gatos, Monte Sereno, and Santa Clara.

- Students served: 6,700
- Students seen by providers after poor results at health screenings: 81% general; 80% dental
- High-absentee children with chronic asthma now managed by RN: 71%

Cupertino Union School District

Community Benefit funds that help to support an additional full-time school nurse and a part-time health aide for this school district come from both El Camino Hospital and El Camino Hospital District Community Benefit Programs. El Camino Hospital Community Benefit funds are allocated to schools that are located outside the El Camino Hospital District boundaries.

- Students served: 1,165
- Students seen by providers after poor results at health screenings: 66%

Santa Clara Unified School District

El Camino Hospital Community Benefit funds support school nursing services at four Title I schools in the school district, serving a large number of underserved and low-income children.

- Students served: 2,002
- Uninsured students who applied for insurance: 95%
- Kindergarten students needing urgent dental care seen by provider: 91%

"There is a great need for psychological, social, and crisis counseling on high school campuses today, and it is beyond the financial resources of the school district to provide it. The lack of availability of these kinds of services for at-risk youth is quickly felt by schools, by families, and by the surrounding communities at large because at-risk behaviors manifest themselves throughout our society."

– Rhonda Farber, PhD, former superintendent, Campbell Union High School District

MEETING THE NEEDS OF FOSTER CHILDREN

Juvenile Court Foster Children orthodontic program

This program is designed to help foster children with the most serious oral health problems that require orthodontics care. Foster children typically are not able to easily or quickly access orthodontic services since the number of dentists and orthodontists who accept Medi-Cal patients for these services is limited in Santa Clara County. With El Camino Hospital Community Benefit funding, the program has helped more than 20 foster children.

HELPING INFANTS AND TODDLERS

Early Head Start

Early Head Start was created to provide educational, social, medical, dental, nutritional, and mental health services for pregnant women and children from birth to three years of age in low-income families. These children are at the highest risk of adverse health and developmental outcomes.

El Camino Hospital's Community Benefit Program funded a family advocate position for Santa Clara County's Early Head Start Program, which helps families find primary care providers, connects them to available health resources, and coordinates translation and transportation services, which are often barriers to accessing care.

- Children served: 72
- Families in need connected to appropriate services: 92%



"The counselors have done wonders for the school climate, by affecting all students' ability to learn, and by preventing the need for emergency services. Neither the principals nor I know how we could function without these services. They are providing a better place to learn for students and a better community for us all, both now and in the future."

– Rhonda Farber, PhD, former superintendent, Campbell Union High School District

2 **ISSUE:** Reducing obesity and encouraging healthy active lifestyles for long-term health

Obesity rates among children are rising. Young people spend long hours in sedentary activities such as playing video games or watching TV. In addition, local superintendents and principals say they are seeing a troubling increase in bullying and other antisocial behaviors, especially during recess. Through Community Benefit funding, El Camino Hospital is not only making it possible for students to get the health care they need, but also helping them make good nutrition and exercise part of their lives. When students are healthier physically and emotionally, they have a better chance of being more successful both socially and academically.

INVESTING IN THE LONG-TERM HEALTH OF OUR CHILDREN

Playworks

Playworks is a program for elementary school children to increase their physical activity and to foster a better social climate at school. El Camino Hospital Community Benefit Program funds the Playworks program at a Title I school in the Campbell Union School District.

- **Students served: 525**
- **Principals reporting decrease in suspensions, referrals, and/or fights: 94%**

HealthTeacher

HealthTeacher, an online health education curriculum for K-12 teachers, gives them an opportunity to fit important health information into the day's learning. El Camino Hospital partners with Lucile Packard Children's Hospital to provide HealthTeacher to school districts in Silicon Valley, including in the Campbell Union and Cupertino Union School Districts.

- **Schools served: 160**
- **Teacher satisfaction with program: 90%**

3 **ISSUE:** Enhancing emotional wellbeing by increasing access to mental health services

One in four people in this country experiences some kind of mental disorder during his or her lifetime. One in 17 has a serious mental illness, while one in 10 children experiences a serious mental or emotional disorder. A great many — especially underserved groups such as the elderly, racial/ethnic minorities, low-income individuals, and the uninsured — do not receive the treatment they need. Safety net programs have traditionally provided assistance, but with shortfalls in funding, resources are stretched thin and mental health benefits are often the first to be cut.

El Camino Hospital's Community Benefit Program helps fill the gaps that exist in mental health services for the underserved. The focus of the hospital's program is on providing tools and resources that will help youth and adults make behavioral and lifestyle choices that will support successful and healthy lives.



DEALING WITH HIGH-RISK BEHAVIORS IN HIGH SCHOOLS

Campbell Union High School District: EMQ FamiliesFirst Programs

Substance abuse, violence, gang issues, depression, promiscuity, eating disorders, poor attendance, sexual abuse, and suicidal ideation — these are problems faced by young people during their high school years. Add to that increased bullying behaviors through texting and social media.

El Camino Hospital's Community Benefit funds are providing students and families in the Campbell Union High School District with two vital mental health programs to help at-risk youth.

EMQ FamiliesFirst Addiction Prevention Services provides student counseling, substance abuse prevention, intervention, and post-intervention services for youth.

The Child and Adolescent Mobile Crisis Program provides mental health crisis assessment and intervention to youth under age 18 who are severely depressed, suicidal, or in acute psychological crisis. Services are available 24 hours a day, seven days a week, to respond to youth in immediate danger of harming themselves or others and to de-escalate their crises. The program helps families to find resources to keep their children safe at home.

- Students, parents, and teachers served: 1,744
- Counseling services provided: 1,301
- Youth participating in the high-risk adolescent program showing a 50% improvement in positive behaviors and attitudes: 75%



FILLING THE GAPS IN MENTAL HEALTH SERVICES

The need for mental health services for low-income residents is growing in Santa Clara County. Physicians at the RotaCare Clinic and other community clinics have observed an increasing number of individuals with mental health problems that require psychiatric care and medication management. Accessing mental health services is especially difficult for individuals with no insurance or resources.

Momentum for Mental Health

Momentum for Mental Health, the largest nonprofit provider of mental health services for adults in Silicon Valley, helps people achieve mental and emotional wellbeing. Services include psychiatric evaluation, medication management, and case management for individuals with neither insurance nor resources to access mental health services. Community Benefit funds serve to narrow the gap in access to psychiatric care.

Asian Americans for Community Involvement (AACI)

Language and cultural barriers, along with a pervasive stigma about mental health problems, keep members of the Asian community from utilizing mental health services. With the closing of a program in the Cupertino School District, these services were no longer available to the large population of Asian students and their families. With funding from El Camino Hospital, AACI, which has expertise in working with the Asian community, provided services to school districts in Cupertino and East San Jose, with a focus on serving uninsured students. Services included individual, group, and family therapy and case management.

- Individual and group counseling services provided: 1,439



NEW BRACES, A NEW JOHNNY

Johnny was excited to get braces, since he was the first of three children in his family to receive them. Johnny attends a school for children with special needs and he often has behavioral issues and doesn't follow through on assignments. But getting new braces has motivated Johnny to improve. He now brushes his teeth every day at school, after lunch, and at home. Proud of his braces, Johnny is attempting to set a good example for the younger children in the foster home who will need braces later this year.

4 **ISSUE:** Meeting the special needs of vulnerable populations such as seniors and the homeless

Among those who rely the most on support services in Santa Clara County are foster children, seniors, and the homeless. These are individuals for whom the lack of available resources has the most negative effect. Foster children need caring and helpful advocates, seniors need resources to maintain their quality of life, and the homeless need access to basic health and social services. El Camino Hospital's Community Benefit Program improves access to critical services for those in need.

YOUTH AT RISK

Superior court domestic violence intervention for youth

Reports say that approximately one in three adolescent girls is a victim of physical, emotional, or verbal abuse from a dating partner. Nearly one in 10 high school students has been physically hurt by a boyfriend or girlfriend. For foster children, the difficulty in getting help is compounded.

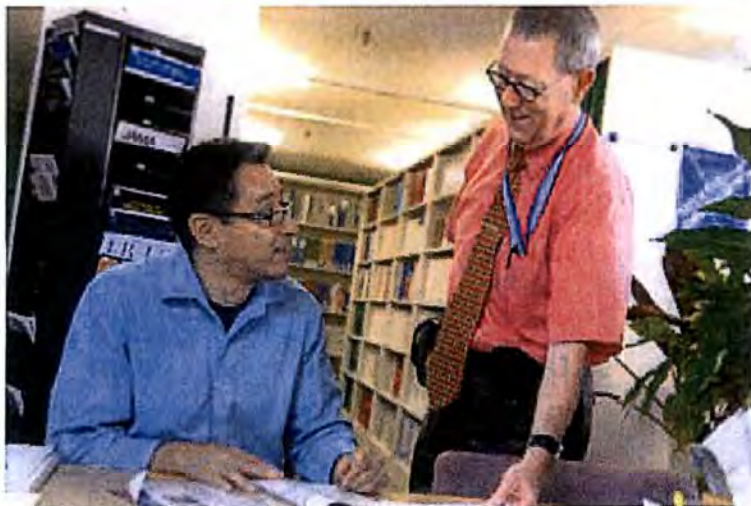
Funds from the El Camino Hospital Community Benefit Program support a superior court domestic violence intervention program which has been established to prevent and stop this kind of behavior from happening to foster children. Through education, mentorship, referrals, and expert legal assistance, these youth will learn the behaviors that typify domestic violence and how to develop healthy and appropriate relationships.

HOPE FROM THE COMPANY OF OTHERS

For youth facing domestic violence, success is defined by their consistent attendance in the youth group and their desire to continue to engage in the Tuesday group process. The following poem was written by a participant to describe the group experience:

In a Life

*In a life where there is trouble
There is Group Tuesday
Ferial comes to save the Tuesday
From being most terrible Tuesday
Gives me time to figure out my struggles
In a life where there is trouble*



El Camino Hospital was a sponsor of the 2012 Healthy Living Fair presented by Congregation Shir Hadash in Los Gatos. The fair's chairperson, Diane Toole, had this to say:

"Our goal was to bring much-needed health screening and health information to people who fall through the cracks of the health care system in our community. Members of Congregation Shir Hadash, St. Maria Goretta Parish, People Acting in Community Together (PACT), the Muslim Community Association, and O'Connor Hospital joined together in this multi-faith effort for residents of East San Jose. Thousands of people benefited from 40 community service agencies that provided health and dental screenings, eye exams, free physician counseling, and certificates for free follow-up care. All this and more was provided thanks to your generous donation."

A TRUSTED HEALTH CARE RESOURCE

El Camino Hospital places a high priority on providing community members with health information and resources that have a positive impact on their health.

Health Library & Resource Center, El Camino Hospital Los Gatos

The Health Library & Resource Center at El Camino Hospital's Los Gatos campus provides up-to-date health and wellness information both on site and in the community. The center also provides assistance and referrals to local and national resources for individuals who need information about caring for an aging parent or family member.

- In-person visits in 2011-2012 fiscal year: 900
- Calls for assistance: 300
- Outreach: 28 events serving 750 community members

SPONSORSHIPS

El Camino Hospital's Community Benefit Program also sponsors a number of local nonprofit organizations and government agencies that fill critical gaps in health care services and address health disparities.

Asian Americans for Community Involvement (AACI)
 Able People Foundation – support for the disabled
 American Cancer Society, California Chinese Unit
 American Red Cross – disaster relief
 Avenidas – patient transportation
 Breast Cancer Connections
 Breathe California
 Camp Kesem – for children of parents with cancer
 Community Health Partnership
 Congregation Shir Hadash Health Fair
 EMQ FamiliesFirst
 Herald Cancer Care Network
 Jenny's Light – a mental health event
 Learning Ally (formerly Recording for the Blind & Dyslexic)
 Leukemia and Lymphoma Society
 Los Gatos Lion's Club Charities
 Momentum for Mental Health
 People Acting in Community Together (PACT)
 Peninsula Stroke Association
 Planned Parenthood Mar Monte – Children's Summit
 Project Cornerstone
 Self Help for the Elderly
 Silicon Valley Leadership Group – Turkey Trot
 The Health Trust
 VMC Foundation
 West Valley Community Services



FINANCIAL ACCOUNTING

Community health improvement services	\$361,671
Health professions education	\$1,179,367
Subsidized health services	\$13,083,292
Clinical research	\$455,839
Financial and in-kind contributions	\$844,876
Community benefit operations	\$162,731
Traditional charity care	\$3,153,534
Government-sponsored health care (unreimbursed Medi-Cal)	\$13,174,518
Total Fiscal Year 2011-2012 El Camino Hospital Community Benefit	\$32,415,828

COMMUNITY BENEFIT COALITION MEMBERS

Community Health Partnership, Inc.
Council on Aging Silicon Valley
El Camino Hospital
FIRST 5 Santa Clara County
Hospital Council of Northern & Central California
Kaiser Permanente Santa Clara
Kaiser Permanente San Jose
Kids in Common
Lucile Packard Children's Hospital at Stanford
O'Connor Hospital
Palo Alto Medical Foundation
Project Cornerstone
Saint Louise Regional Hospital
Santa Clara County Office of Education
Santa Clara County Public Health Department
Santa Clara County Social Services Agency
Santa Clara Family Health Foundation
Santa Clara Family Health Plan
Santa Clara Valley Health & Hospital System
Silicon Valley Community Foundation
Silicon Valley's University Partner
for Research and Innovative Solutions
Stanford Hospital & Clinics
The Health Trust
United Way Silicon Valley
YMCA of Silicon Valley

COMMUNITY BENEFIT STAFF

Cecile Currier, vice president of Corporate
& Community Health Services
Barbara Avery, director of Community Benefit
Carla Paul, director of Community Health Services
Victoria Chavez, administrative assistant

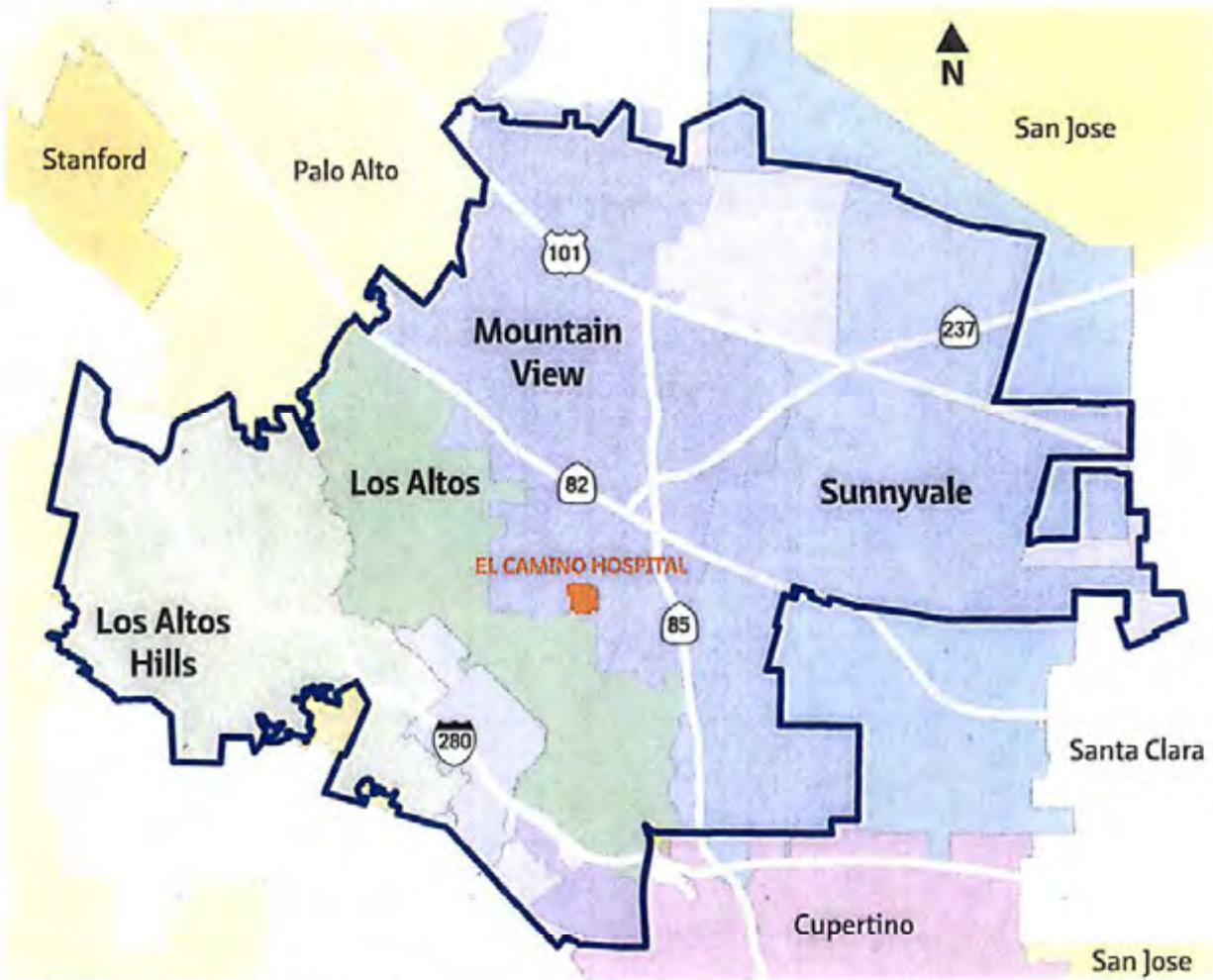
EL CAMINO HOSPITAL DISTRICT BOARD OF DIRECTORS

John L. Zoglin, chairman
Patricia A. Einarson, MD, vice chair
David W. Reeder, secretary/treasurer
Wesley F. Alles, member

EL CAMINO HOSPITAL BOARD OF DIRECTORS

Tomi Ryba, president and CEO
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David W. Reeder, secretary/treasurer
Wesley F. Alles, member
Neal H. Cohen, MD, MPH, MS, member
Jeffrey M. Davis, MD, member
Nandini Tandon, member

EL CAMINO HOSPITAL DISTRICT



Note: District boundary outline is an approximation.

Results are shown in brief in this combined 2012 Community Benefit Report. A more detailed report of metrics for both programs can be found at www.elcaminohospitaldistrict.org/Community_Benefit and www.elcaminohospital.org/BenefitReport.



2012

Community Benefit Report

About El Camino Hospital

As an independent, nonprofit hospital with campuses in Mountain View and Los Gatos, we are empowered to do whatever it takes to bring you the finest quality care. Our leadership helps foster a dynamic, collaborative, innovative environment. El Camino Hospital physicians actively seek out the latest treatments and technologies to benefit our patients. And all of our nurses, staff, and volunteers share our commitment to excellence. Together, we do our utmost to bring you compassionate, comprehensive medical care that is truly state-of-the-art. Our key medical specialties include cancer care, heart and vascular services, genomic medicine, urology, orthopedic and spine surgery, rehabilitation services, senior health, and women's health.

For a more detailed look at our capabilities, please visit our website at www.elcaminohospital.org.



El Camino Hospital[®] District



El Camino Hospital[®]
THE HOSPITAL OF SILICON VALLEY

Attachment 10

Copy of District Community Benefit grant application

(Attached)



COMMUNITY BENEFIT PROGRAM
2014 GRANT APPLICATION

The Community Benefit Program of El Camino Healthcare District (ECHD) has identified the following health priorities:

- **Community Health Education and Health Literacy**
- **Health Care Access (Primary, Oral, and Chronic Conditions Care)**
- **Mental Health Access**
- **Healthy Eating, Physical Activity, and Obesity Reduction**

ECHD seeks grant applications to impact these health priorities. Prospective grantees are asked to complete and submit this grant application and required appendices by **March 1, 2013**. Please submit your application to CommunityBenefit_ECHD@elcaminohealthcare.org

1. Applicant Information

Date Application Submitted _____ Tax ID # _____

Name of the Organization _____ Web Address _____

Mailing Address _____ City _____ State _____ Zip _____

2. Contact Information

	Name	Title	Phone & Fax	Email
Primary contact for this grant				
Supervisor for this program				
CEO/Executive Director/Superintendent				
Public Relations/Public Affairs				

Program Reach

6. How many unique individuals will this program serve? If you are unable to capture unique individuals, explain why this cannot be done and provide the number of individuals to be served.

- Does your program primarily serve individuals who "Live, Work or Go to School in the District?" District map is available at www.elcaminohospitaldistrict.org.

7. How many services or encounters will your program offer? What is your definition of a service or encounter? If not measuring services or encounters, please explain why.

Program Delivery & Capacity

8. Is this a new program or an existing program?

- New
- Existing

a. If existing, how many years have you been offering this program? _____

Collaboration

9. Is this grant request for your agency alone or for a collaborative with another agency?

- Single agency request
- Collaborative request

a. If this is a collaborative request, please describe partner roles and how the collaborative will be managed. (300 word limit)

b. If the collaborative is already established, briefly describe your past work together. (150 word limit)

10. Who will staff this program and what are their qualifications? (350 word limit)

Program Evaluation

11. Please complete the attached Scope of Work Matrix to describe your proposed volume and impact metrics.

12. Please identify the tools that you will use to measure the program's impact and describe how you will collect, enter, and analyze your data. (500 word limit)

- Please attach evaluation instruments if available (e.g., surveys, assessments).

Organization Profile

13. What is the size of your organization?

a. Number of (Full Time Equivalent) employees: _____

b. Annual budget: _____

c. Years of operation: _____

14. What distinguishes your organization? (150 word limit)

Conclusion

15. Is there any additional information that you would like ECHD to know about this project or your organization? (150 word limit)

Required Appendices

- **Scope of Work Matrix**
 - Please refer to the Scope of Work instructions and examples included in this application before completing the attached Scope of Work Matrix in Excel.
- **Grant Program Budget**

Appendix A — Scope of Work Matrix

The Scope of Work Matrix can be completed using the Excel template that was distributed along with the Grant Application. Below are examples of volume and impact metrics that could be included in a Scope of Work Matrix.

As you complete the Scope of Work Matrix in the excel worksheet, please consider the following:

- o Include up to six impact metrics for your program
- o If you are submitting an application to continue an existing ECHD grant:
 - o Include metrics that are the same or better than the current grant year. If lower, please explain why in the “Comments” column.
 - o Include year-end data from the previous year if you are using the same metrics.

EXAMPLES

Health Priority Area You are Most Impacting	Organization and Program Description	Metrics		Method of Evaluation	Metric Description	5 Month Target	Cumulative 12 Month Target	Previous Year End Data
		Volume	Impact					
Health care access	El Camino Community Health Center <i>Immunization services for low-income families</i>	Individuals		Medical records	Number of people served	1,200	2,000	1,970
		Encounters or Services		Medical records	Number of immunizations provided	2,800	4,800	4,756
				Immunization database	% of patients with up-to-date or regular immunizations	80%	95%	93%

Health Priority Area You are Most Impacting	Organization and Program Description	Metrics		Method of Evaluation	Metric Description	6 Month Target	Cumulative 12 Month Target	Previous Year End Data
		Volume	Impact					
Mental health access	Community Health Council <i>Counseling services to at-risk students</i>	Individuals		Client record	Number of clients served	100	245	225
		Encounters or Services		Client record	Number of counseling visits provided	425	1,020	945
				Assets Inventory	% of clients who show a 10% improvement on External and Internal Assets Inventory	75%	75%	70%

Appendix B — Grant Program Budget

1. Name of the organization _____
2. Program name _____
3. Grant budget year ___/___/___ to ___/___/___
4. Total program budget \$ _____
 - a. Amount requested from ECHD:
5. Does your organization have a financial audit on an annual or periodic basis?
 - a. Date of last financial audit:

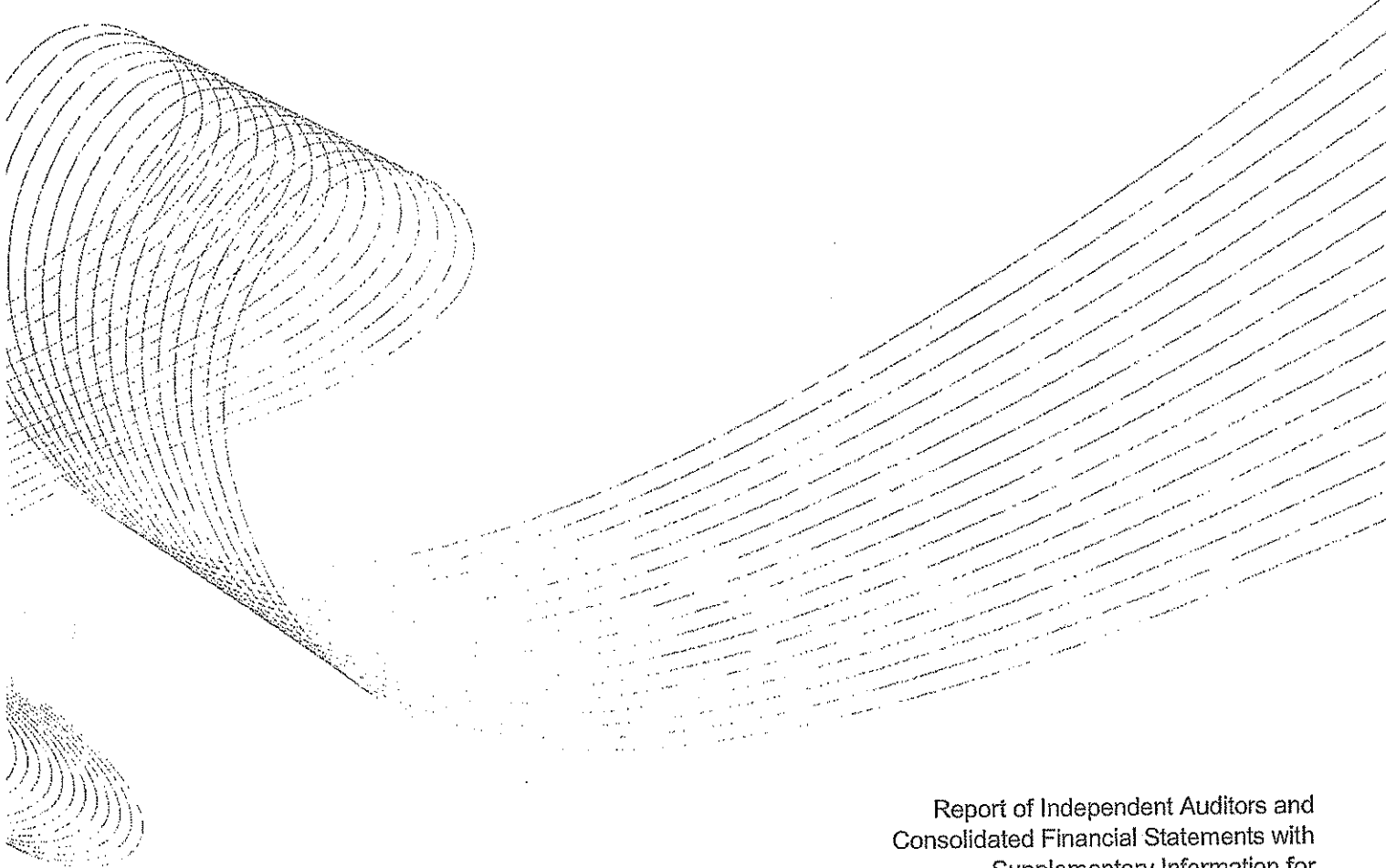
Annual Expenses for this Grant		
Personnel Costs		
Position	% FTE	Amount requested from ECHD
		\$
		\$
		\$
		\$
		\$
		\$
Total positions cost		\$
Total benefits cost	%	\$
A. Total Personnel Cost		\$
Non-Personnel Expenses		
(i.e. supplies, equipment, printing, etc).		
		\$
		\$
		\$
B. Total Non-Personnel Cost		\$
Administration Costs (not more than 15%)		
		\$
C. Total Administration Cost		\$
Total Grant Expenses (A+B+C)		\$
(Amount should be the same as the amount specified for question 4a above)		

Please list other funders for this program below.

Attachment 11

Excerpt from independent audit of the District for FY 2012, including supplemental schedules which provide financial information for the “stand-alone” District

(Attached)



Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information for

El Camino Hospital District

June 30, 2012 and 2011

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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SUPPLEMENTARY INFORMATION

EL CAMINO HOSPITAL DISTRICT
CONSOLIDATING SCHEDULE - BALANCE SHEET
June 30, 2012
(In Thousands)

	El Camino Hospital District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Surgery Center	Silicon Valley Medical Development	Eliminations Increase (Decrease)	El Camino Hospital District and Affiliates
ASSETS								
Current assets								
Cash and cash equivalents	\$ 1,616	\$ 38,628	\$ 40	\$ 927	\$ 968	\$ 155	\$ -	\$ 42,334
Short-term investments	3,747	206,143	1,099	10,439	-	-	-	221,428
Current portion of board designated, restricted funds and trustee assets	6,978	2,675	-	-	-	-	-	9,653
Patient accounts receivable, net of allowances for doubtful accounts of \$9,131	-	86,875	-	271	382	-	-	87,528
Prepaid expenses and other current assets	-	20,318	-	131	512	78	(2,252)	18,787
Notes receivable, current	105	-	-	-	9	-	(6)	108
Total current assets	12,446	354,639	1,139	11,768	1,871	233	(2,258)	379,838
Non-current cash and investments								
Board-designated funds	3,380	216,349	15,629	1,349	-	-	-	236,707
Restricted funds	-	6	-	50	-	-	-	56
Funds held by trustee	6,785	6,710	-	-	-	-	-	13,495
Total non-current cash and investments	10,165	223,065	15,629	1,399	-	-	-	250,258
Capital assets, net	12,377	657,339	121	248	949	-	(323)	670,711
Pledges receivable	-	-	2,747	-	-	-	-	2,747
Prepaid pension	-	27,527	-	-	-	-	-	27,527
Investment in health care affiliates	-	19,674	-	-	-	-	(1,014)	18,660
Other assets	1,453	4,843	-	-	-	-	-	6,296
Total assets	\$ 36,441	\$ 1,287,087	\$ 19,636	\$ 13,415	\$ 2,820	\$ 233	\$ (3,595)	\$ 1,356,037

EL CAMINO HOSPITAL I
CONSOLIDATING SCHEDULE - BALANCE SHEET (CONTINUED)
June 30, 2012
(In Thousands)

	El Camino Hospital District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Surgery Center	Silicon Valley Medical Development	Eliminations Increase (Decrease)	El Camino Hospital District and Affiliates
LIABILITIES AND NET ASSETS								
Current liabilities								
Current portion capital lease obligations	\$ -	\$ 5,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,100
Accounts payable and accrued expenses	-	18,768	-	537	558	49	(470)	19,442
Salaries, wages, and related liabilities	-	38,538	-	575	269	102	-	39,484
Other current liabilities	2,963	9,353	2,070	1,011	-	-	(1,788)	13,609
Estimated third-party payor settlements	-	18,467	-	-	-	-	-	18,467
Current portion of bonds payable	1,155	2,995	-	-	-	-	-	4,150
Total current liabilities	4,118	93,221	2,070	2,123	827	151	(2,258)	100,252
Capital lease obligations, net of current portion	-	4,952	-	-	-	-	-	4,952
Bonds payable, net of current portion	142,014	184,564	-	-	-	-	-	326,578
Other long-term obligations	-	13,953	-	-	-	-	-	13,953
Workers' compensation, net of current portion	-	18,031	-	-	-	-	-	18,031
Postretirement medical benefits, net of current portion	-	14,832	-	-	-	-	-	14,832
Total liabilities	146,132	329,553	2,070	2,123	827	151	(2,258)	478,598
Net assets								
Invested in capital assets, net of related debt	(117,029)	459,728	121	248	949	-	(323)	343,694
Restricted - expendable	-	-	4,820	-	-	-	-	4,820
Restricted - nonexpendable	-	-	2,007	50	-	-	-	2,057
Unrestricted	7,338	497,806	10,618	10,994	1,044	82	(1,014)	526,868
Total net assets	(109,691)	957,534	17,566	11,292	1,993	82	(1,337)	877,439
Total liabilities and net assets	\$ 36,441	\$ 1,287,087	\$ 19,636	\$ 13,415	\$ 2,820	\$ 233	\$ (3,595)	\$ 1,356,037

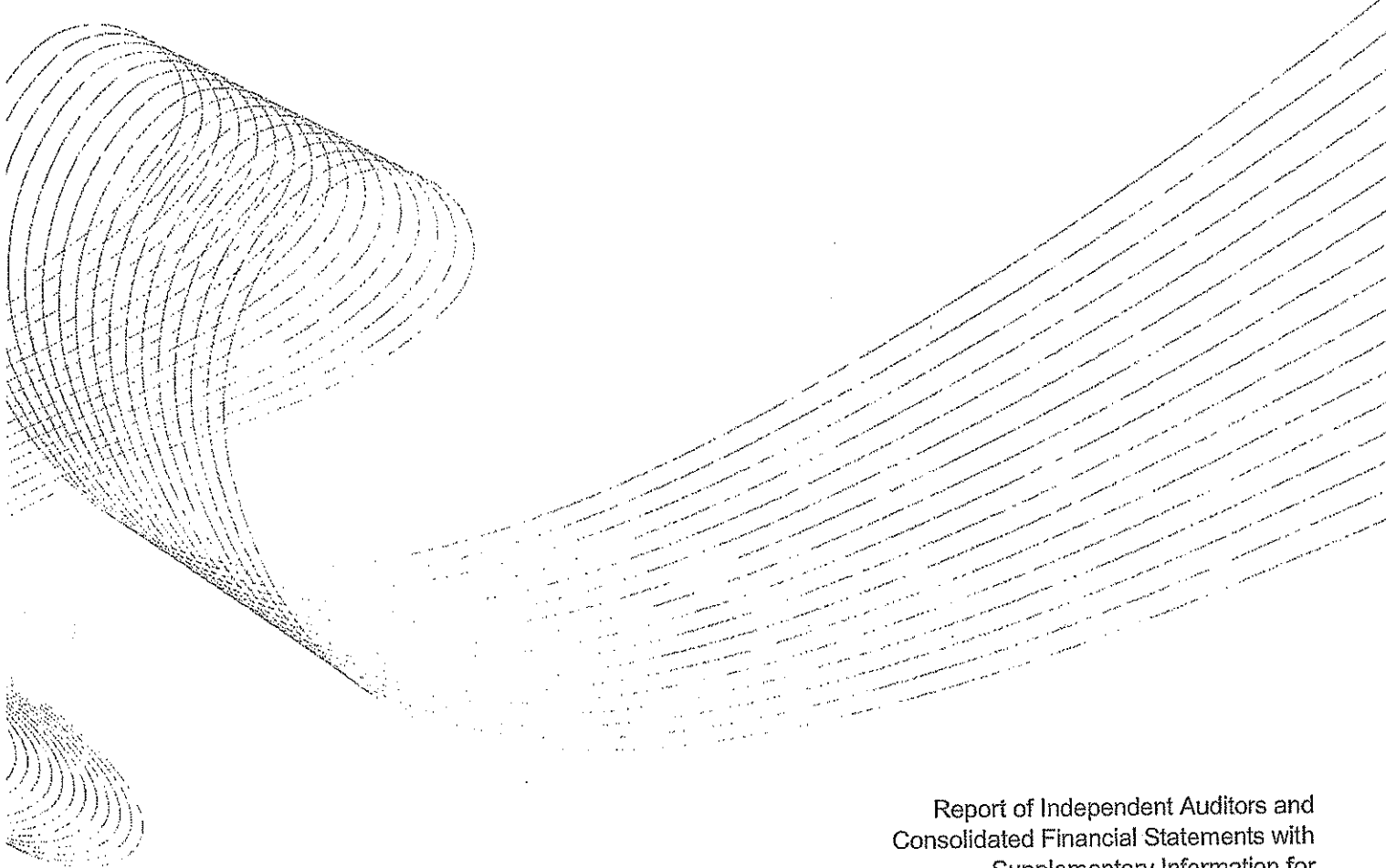
**CONSOLIDATING SCHEDULE 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended June 30, 2012
(In Thousands)**

	El Camino Hospital District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Surgery Center	Silicon Valley Medical Development	Eliminations Increase (Decrease)	El Camino Hospital District and Affiliates
Operating revenues								
Net patient service revenue (net of provision for bad debts of \$1,474)	\$ 82	\$ 630,123	\$ -	\$ -	\$ 6,697	\$ -	\$ -	\$ 636,820
Other revenue	82	13,312	77	9,832	9	-	(1,721)	21,591
Total operating revenues	82	643,435	77	9,832	6,706	-	(1,721)	688,411
Operating expenses								
Salaries, wages and benefits	-	322,842	1,546	2,693	3,124	510	(243)	330,472
Professional fees and purchased services	805	85,469	1,502	4,303	1,029	556	(340)	93,324
Supplies	-	92,628	27	-	1,540	1	-	94,196
Depreciation and amortization	233	49,070	12	33	245	-	-	49,593
Rent and utilities	-	13,684	134	182	486	-	(561)	13,925
Other	46	16,578	230	269	121	-	-	17,244
Total operating expenses	1,084	580,271	3,451	7,480	6,545	1,067	(1,144)	598,754
(Loss) income from operations	(1,002)	63,164	(3,374)	2,352	161	(1,067)	(577)	59,657
Nonoperating revenues (expenses):								
Investment income, net	34	17,241	478	598	(5)	-	-	18,346
Property tax revenue	5,902	-	-	-	-	-	-	5,902
Designated for community benefit programs	3,610	-	-	-	-	-	-	3,610
Designated for capital expenditures	6,908	-	-	-	-	-	-	6,908
Levied for debt service	(4,828)	-	-	-	-	-	-	(4,828)
General Obligation bond interest expense	(3,349)	-	-	-	-	-	-	(3,349)
Intergovernmental transfer expense	-	-	-	-	-	-	-	-
Restricted gifts, grants and bequests, and other	-	(5,781)	2,154	-	-	-	1,278	3,432
Unrealized loss on interest rate swap	-	(10,110)	-	(1,477)	(127)	1,037	(1,140)	(5,781)
Other, net	8	-	-	-	-	-	-	(11,809)
Total nonoperating revenues and (expenses)	8,285	1,350	2,632	(879)	(132)	1,037	138	12,431
Excess (deficit) of revenues over expenses before capital grants, contributions, and additions to permanent endowments	7,283	64,514	(742)	1,473	29	(30)	(439)	72,088
Capital transfers	(6,599)	6,663	(64)	-	-	-	-	-
Increase (decrease) in net assets	684	71,177	(806)	1,473	29	(30)	(439)	72,088
Total net assets, beginning of year	(110,375)	886,357	18,372	9,819	1,964	112	(898)	805,351
Total net assets, end of year	\$ (109,691)	\$ 957,534	\$ 17,566	\$ 11,292	\$ 1,993	\$ 82	\$ (1,337)	\$ 877,439

Attachment 11

Excerpt from independent audit of the District for FY 2012, including supplemental schedules which provide financial information for the “stand-alone” District

(Attached)



Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information for

El Camino Hospital District

June 30, 2012 and 2011

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CONSOLIDATING SCHEDULE - BALANCE SHEET
June 30, 2012
(In Thousands)

	El Camino Hospital District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Surgery Center	Silicon Valley Medical Development	Eliminations Increase (Decrease)	El Camino Hospital District and Affiliates
ASSETS								
Current assets								
Cash and cash equivalents	\$ 1,616	\$ 38,628	\$ 40	\$ 927	\$ 968	\$ 155	\$ -	\$ 42,334
Short-term investments	3,747	206,143	1,099	10,439	-	-	-	221,428
Current portion of board designated, restricted funds and trustee assets	6,978	2,675	-	-	-	-	-	9,653
Patient accounts receivable, net of allowances for doubtful accounts of \$9,131	-	86,875	-	271	382	-	-	87,528
Prepaid expenses and other current assets	-	20,318	-	131	512	78	(2,252)	18,787
Notes receivable, current	105	-	-	-	9	-	(6)	108
Total current assets	12,446	354,639	1,139	11,768	1,871	233	(2,258)	379,838
Non-current cash and investments								
Board-designated funds	3,380	216,349	15,629	1,349	-	-	-	236,707
Restricted funds	-	6	-	50	-	-	-	56
Funds held by trustee	6,785	6,710	-	-	-	-	-	13,495
	10,165	223,065	15,629	1,399	-	-	-	250,258
Capital assets, net								
Pledges receivable	12,377	657,339	121	248	949	-	(323)	670,711
Prepaid pension	-	-	2,747	-	-	-	-	2,747
Investment in health care affiliates	-	27,527	-	-	-	-	-	27,527
Other assets	1,453	19,674	-	-	-	-	(1,014)	18,660
	14,830	686,540	2,868	2,498	949	-	-	678,685
Total assets	\$ 36,441	\$ 1,287,087	\$ 19,636	\$ 13,415	\$ 2,820	\$ 233	\$ (3,595)	\$ 1,356,037

EL CAMINO HOSPITAL I
CONSOLIDATING SCHEDULE - BALANCE SHEET (CONTINUED)
June 30, 2012
(In Thousands)

	El Camino Hospital District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Surgery Center	Silicon Valley Medical Development	Eliminations Increase (Decrease)	El Camino Hospital District and Affiliates
LIABILITIES AND NET ASSETS								
Current liabilities								
Current portion capital lease obligations	\$ -	\$ 5,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,100
Accounts payable and accrued expenses	-	18,768	-	537	558	49	(470)	19,442
Salaries, wages, and related liabilities	-	38,538	-	575	269	102	-	39,484
Other current liabilities	2,963	9,353	2,070	1,011	-	-	(1,788)	13,609
Estimated third-party payor settlements	-	18,467	-	-	-	-	-	18,467
Current portion of bonds payable	1,155	2,995	-	-	-	-	-	4,150
Total current liabilities	4,118	93,221	2,070	2,123	827	151	(2,258)	100,252
Capital lease obligations, net of current portion	-	4,952	-	-	-	-	-	4,952
Bonds payable, net of current portion	142,014	184,564	-	-	-	-	-	326,578
Other long-term obligations	-	13,953	-	-	-	-	-	13,953
Workers' compensation, net of current portion	-	18,031	-	-	-	-	-	18,031
Postretirement medical benefits, net of current portion	-	14,832	-	-	-	-	-	14,832
Total liabilities	146,132	329,553	2,070	2,123	827	151	(2,258)	478,598
Net assets								
Invested in capital assets, net of related debt	(117,029)	459,728	121	248	949	-	(323)	343,694
Restricted - expendable	-	-	4,820	-	-	-	-	4,820
Restricted - nonexpendable	-	-	2,007	50	-	-	-	2,057
Unrestricted	7,338	497,806	10,618	10,994	1,044	82	(1,014)	526,868
Total net assets	(109,691)	957,534	17,566	11,292	1,993	82	(1,337)	877,439
Total liabilities and net assets	\$ 36,441	\$ 1,287,087	\$ 19,636	\$ 13,415	\$ 2,820	\$ 233	\$ (3,595)	\$ 1,356,037

**CONSOLIDATING SCHEDULE 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended June 30, 2012
(In Thousands)**

	El Camino Hospital District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Surgery Center	Silicon Valley Medical Development	Eliminations Increase (Decrease)	El Camino Hospital District and Affiliates
Operating revenues								
Net patient service revenue (net of provision for bad debts of \$1,474)	\$ 82	\$ 630,123	\$ -	\$ -	\$ 6,697	\$ -	\$ -	\$ 636,820
Other revenue	82	13,312	77	9,832	9	-	(1,721)	21,591
Total operating revenues	82	643,435	77	9,832	6,706	-	(1,721)	658,411
Operating expenses								
Salaries, wages and benefits	-	322,842	1,546	2,693	3,124	510	(243)	330,472
Professional fees and purchased services	805	85,469	1,502	4,303	1,029	556	(340)	93,324
Supplies	-	92,628	27	-	1,540	1	-	94,196
Depreciation and amortization	233	49,070	12	33	245	-	-	49,593
Rent and utilities	-	13,684	134	182	486	-	(561)	13,925
Other	46	16,578	230	269	121	-	-	17,244
Total operating expenses	1,084	580,271	3,451	7,480	6,545	1,067	(1,144)	598,754
(Loss) income from operations	(1,002)	63,164	(3,374)	2,352	161	(1,067)	(577)	59,657
Nonoperating revenues (expenses):								
Investment income, net	34	17,241	478	598	(5)	-	-	18,346
Property tax revenue	5,902	-	-	-	-	-	-	5,902
Designated for community benefit programs	3,610	-	-	-	-	-	-	3,610
Designated for capital expenditures	6,908	-	-	-	-	-	-	6,908
Levied for debt service	(4,828)	-	-	-	-	-	-	(4,828)
General Obligation bond interest expense	(3,349)	-	-	-	-	-	-	(3,349)
Intergovernmental transfer expense	-	-	-	-	-	-	-	-
Restricted gifts, grants and bequests, and other	-	(5,781)	2,154	-	-	-	1,278	3,432
Unrealized loss on interest rate swap	-	(10,110)	-	(1,477)	(127)	1,037	(1,140)	(5,781)
Other, net	8	-	-	-	-	-	-	(11,809)
Total nonoperating revenues and (expenses)	8,285	1,350	2,632	(879)	(132)	1,037	138	12,431
Excess (deficit) of revenues over expenses before capital grants, contributions, and additions to permanent endowments	7,283	64,514	(742)	1,473	29	(30)	(439)	72,088
Capital transfers	(6,599)	6,663	(64)	-	-	-	-	-
Increase (decrease) in net assets	684	71,177	(806)	1,473	29	(30)	(439)	72,088
Total net assets, beginning of year	(110,375)	886,357	18,372	9,819	1,964	112	(898)	805,351
Total net assets, end of year	\$ (109,691)	\$ 957,534	\$ 17,566	\$ 11,292	\$ 1,993	\$ 82	\$ (1,337)	\$ 877,439

Attachment 12

Copy of Separate unaudited financial information of the District for FYTD 2013

(Attached)



El Camino Hospital® District

Board Finance Presentation

Fiscal Year Ending 2013

7/1/2012 - 12/31/2012

Contents

<u>ECHD Stand-Alone Financial Statements</u>	
Comparative Balance Sheet as of December 31, 2012	Page 3
Statement of Revenues & Expenses Year to Date thru December 31, 2012	Page 4
Statement of Fund Balance Activity as of December 31, 2012	Page 5
Notes to Financial Statements	Page 6
<u>ECHD Consolidated Financial Statements</u> (Includes El Camino Hospital)	
Comparative Balance Sheet as of December 31, 2012	Page 7
Statement of Revenues & Expenses Year to Date thru December 31, 2012	Page 8
Notes to Financial Statements	Page 9

NOTE: Accounting standards require that audited financial statements for El Camino Hospital District be presented in consolidated format, including El Camino Hospital Corporation. In an effort to help ensure public accountability and further ensure the transparency of the District's operation, the District also prepares internal, "Stand-Alone" financial statements which present information for the District without including the El Camino Hospital Corporation.



El Camino Hospital District

Comparative Balance Sheet (\$ Thousands)

These "Stand-Alone" financial statements exclude the operations of the District's El Camino Hospital Corporation

	Dec. 31, 2012	June 30, 2012	Dec. 31, 2012	June 30, 2012
	Audited	Audited	Audited	Audited
ASSETS				
Cash & cash equiv	\$ 115	\$ 1,616	\$ 20	\$ 449
Short term investments	3,426	3,747	1300	970
Due fm Retiree Health Plan		105	2,546	2,657
SC Co. M&O Taxes Rcvbl ⁽¹⁾	\$ 390		<u>\$ 3,865</u>	<u>\$ 4,076</u>
Total current assets	\$ 3,931	\$ 5,468		
Capital outlay ⁽²⁾	\$ 6,978	\$ 6,978	84,713	42
Plant facilities ⁽³⁾	3,543	3,380	140,714	142,014
Total Board designated funds	\$ 10,521	\$ 10,358	<u>\$ 144,664</u>	<u>\$ 146,132</u>
Funds held by trustee ⁽⁴⁾	\$ 6,806	\$ 6,785		
Capital assets, net ⁽⁵⁾	\$ 12,252	\$ 12,377	\$ 26,599	\$ 27,713
Bond issue costs	\$ 1,423	\$ 1,453	(136,331)	(137,404)
TOTAL ASSETS	\$ 34,933	\$ 36,441	<u>\$ (109,732)</u>	<u>\$ (109,691)</u>
LIABILITIES & FUND BALANCE				
Accounts payable ⁽⁶⁾				
Current portion of bonds				
Bond interest payable				
Total current liabilities			<u>\$ 3,865</u>	<u>\$ 4,076</u>
Deferred income			84,713	42
Bonds payable - long term			140,714	142,014
Total liabilities			<u>\$ 144,664</u>	<u>\$ 146,132</u>
Fund balance				
Unrestricted fund balance			\$ 26,599	\$ 27,713
Restricted fund balance ⁽⁷⁾			(136,331)	(137,404)
Total fund balance			<u>\$ (109,732)</u>	<u>\$ (109,691)</u>
TOTAL LIAB & FUND BAL	\$ 34,933	\$ 36,441	<u>\$ 34,933</u>	<u>\$ 36,441</u>



El Camino Hospital District

YTD Statement of Revenue and Expenses (\$ Thousands)

These "Stand-Alone" financial statements exclude the operations of the District's El Camino Hospital Corporation

	Actual	Budget	Fav (Unfav) Variance
Other revenue ⁽⁸⁾	\$ 42	\$ 41	\$ 1
Total operating revenue	\$ 42	\$ 41	\$ 1
Professional fees and purchased services ⁽⁹⁾	\$ 586	\$ 76	\$ (510)
Depreciation	125	125	-
Supplies ⁽⁹⁾	1	-	(1)
Other ⁽⁹⁾	1	8	7
Total operating expenses	\$ 713	\$ 209	\$ (504)
Income (loss) from operations	\$ (671)	\$ (168)	\$ (503)
Investment income, net	\$ 74	\$ 48	\$ 26
Other income	102	86	16
County taxes-unrestricted ⁽¹⁰⁾	3,142	3,142	-
County taxes-restricted ⁽¹⁰⁾	1,457	1,458	(1)
G. O. Tax Revenues ⁽¹⁰⁾	3,464	3,400	64
Intergovernmental transfer expense ⁽¹¹⁾	-	(1,000)	1,000
Total non-oper income	\$ 8,239	\$ 7,134	\$ 1,105
G.O. bond interest expense ⁽¹²⁾	\$ (2,487)	\$ (2,477)	\$ 10
Total non-oper expenses	\$ (2,487)	\$ (2,477)	\$ 10
Total non-operating revenues and expenses	\$ 5,752	\$ 4,657	\$ 1,095
Net Income (loss)	\$ 5,082	\$ 4,489	\$ 592

Note: Totals may not agree due to rounding. See page 6 for footnotes.



El Camino Hospital District

YTD Statement of Fund Balance Activity (\$ Thousands)

These "Stand-Alone" financial statements exclude the operations of the District's El Camino Hospital Corporation

Beginning Balance		\$ (109,691)
Net Income Year-To-Date	5,082	
Transfers to ECH:		
Community Benefit Programs (13)	(5,132)	
Capital Projects	-	
Other	11	
Total Year-To-Date Activity		(40)
Ending Balance		<u><u>\$ (109,732)</u></u>



El Camino Hospital District

Notes to Financial Statements

These "Stand-Alone" financial statements exclude the operations of the District's El Camino Hospital Corporation

- (1) **SC County M&O Taxes Receivable** – Expected tax receipts, which are paid in arrears.
- (2) **Capital Outlay Fund** – This fund is for future capital commitments within the District. The balance includes \$3.4 million and \$3.6 million of receipts for fiscal years 2011 and 2012, respectively.
- (3) **Plant Facilities Fund** – This is for future upkeep on the portion of the YMCA building owned by the District.
- (4) **Funds Held by Trustee** – Funds from General Obligation tax monies, being held to make the debt payments when due.
- (5) **Capital Net Assets** - The land on which the Mountain View Hospital resides, a portion of the YMCA building, and a vacant lot located at El Camino Real and Phyllis.
- (6) **Accounts Payable and Accrued Expenses** – Expenses due which have not yet been paid.
- (7) **Fund Balance** – The negative fund balance is a result of the General Obligation bonds which assisted in funding the replacement hospital facility in Mountain View. Accounting rules required the District to recognize that obligation in full at the time it was incurred, and also require that the District recognize the tax receipts it expects to receive as they are incurred by the taxpayers.
- (8) **Other Operating Revenue** – Lease income from El Camino Hospital, for its ground lease with the District.
- (9) **Professional Fees & Services** – District operating expenses.
- (10) **Taxes: M&O, G.O.** – Tax receipts (either received or to be received) during the period.
- (11) **Intergovernmental Transfer (IGT) Expense** – The budget variance in this line resulted from the State's decision to discontinue the IGT program after the budget was finalized. The budget anticipated that IGT payments would continue to be dispersed by the District and that the Hospital would receive supplemental Medi-Cal reimbursement.
- (12) **Non Operating Expense** – Includes periodic fees and the amortization of issuance expenses associated with the bond issue.
- (13) **Community Benefit Transfer** – These amounts represent reimbursement of FY-2012 expenditures.



El Camino Hospital District

Consolidated Comparative Balance Sheet (\$ Millions)

(Includes El Camino Hospital)

	Dec. 31, 2012	June 30, 2012	Dec. 31, 2012	June 30, 2012
<u>ASSETS</u>	<u>2012</u>	<u>Audited</u>	<u>2012</u>	<u>Audited</u>
Current Assets				
Cash & Investments	\$231	\$211	\$77	\$83
Patient Accounts Receivable, NET	91	88	4	4
Other Accounts and Notes Receivable	5	6	6	7
Inventories and Prepaids	49	43	7	8
Total Current Assets	<u>376</u>	<u>347</u>	<u>94</u>	<u>102</u>
Board Designated Assets				
Foundation Reserves	10	9	1	1
Community Benefit Fund	9	6		
Operational Reserve Fund	100	101	335	337
Workers Comp, Health & PTO Reserves	54	52	34	33
Other Board Designated Reserves	95	84	5	8
Total Board Designated Assets	<u>268</u>	<u>252</u>	<u>375</u>	<u>378</u>
Funds Held By Trustee	16	16		
Long Term Investments	57	38	789	735
Other Investments	22	20	139	131
Net Property Plant & Equipment	658	671	12	13
Other Assets	14	15	940	879
Total Non-Designated Assets	<u>767</u>	<u>760</u>	<u>\$1,410</u>	<u>\$1,360</u>
TOTAL ASSETS	<u>\$1,410</u>	<u>\$1,360</u>	<u>\$1,410</u>	<u>\$1,360</u>
LIABILITIES & FUND BALANCE				
Current Liabilities				
Accounts Payable & Accrued Exp			\$77	\$83
Bonds Payable - Current			4	4
Bond Interest Payable			6	7
Other Liabilities			7	8
Total Current Liabilities			<u>94</u>	<u>102</u>
Deferred Revenue			1	1
Long Term Liabilities				
Bond Payable			335	337
Benefit Obligations			34	33
Other Long-term Obligations			5	8
Total Long Term Liabilities			<u>375</u>	<u>378</u>
Fund Balance				
Unrestricted			789	735
Board Designated & Restricted			139	131
Capital & Retained Earnings			12	13
Total Fund Balance			<u>940</u>	<u>879</u>
TOTAL LIAB. & FUND BAL.	<u>\$1,410</u>		<u>\$1,410</u>	<u>\$1,360</u>

Note: Totals may not agree due to rounding. See page 9 for footnotes.

El Camino Hospital District

Consolidated Statement of Revenues & Expenses (\$ Millions)

(Includes El Camino Hospital)

	<u>Actual</u>	<u>Budget</u>	<u>Fav (Unfav) Variance</u>
Net Patient Revenue	348	318	30
Other Operating Revenues	14	16	(2)
Total Operating Revenues	362	333	28
Wages and Benefits	180	174	(6)
Supplies	53	47	(6)
Purchased Services	54	57	3
Other	5	6	1
Depreciation	24	23	(1)
Interest	4	4	0
Total Operating Expense	320	311	(9)
Operating Income	42	22	20
Non-Operating Income	19	11	7
Net Income	61	34	27

Note: Totals may not agree due to rounding. See page 9 for footnotes.



El Camino Hospital District

Notes to Consolidated Financial Statements

(Includes El Camino Hospital)

- (1) Cash and Investments increased due to strong financial performance. Capital expenditures scheduled for later this year, and in the next year, are expected to moderate this trend.
- (2) Net Patient Revenue is better than forecast primarily as a result of favorable budget variances in clinical services and improved collections results in the year-to-date period.
- (3) Wage and Benefits Expense is negative to budget due to the change in pension expense assumptions which was made after the FY13 budget was completed.
- (4) Supplies Expense is negative to budget primarily due to volumes which were greater than budgeted, as noted in item 2, above.
- (5) Positive results in non-operating income are driven by strong realized and unrealized investment in the year-to-date period.



Attachment 13

FY2013 District budget

(Attached)



El Camino Hospital® District

Board Finance Presentation

Fiscal Year 2013 Budget

EL CAMINO HOSPITAL DISTRICT (PRO FORMA)
STATEMENT OF REVENUES AND EXPENSES
(In Thousands)

	<u>2013 BUDGET</u>	<u>DESCRIPTION</u>
Operating revenue		
Other revenue	81	Ground Lease Income from ECH
Total operating revenues	<u>81</u>	
Operating expenses		
Salaries, wages, and employee benefits		
Professional fees and purchased services	150	Legal and Website Professional Fees
Depreciation	250	YMCA Building
Other	2,016	IGT Medi-Cal Uninsured Program
Total operating expenses	<u>2,416</u>	
Income (Loss) from operations	<u>(2,335)</u>	
Non-operating revenues (expenses):		
Investment income (loss), net	72	Realized Investment Income
G.O. interest expense	(4,772)	Annual Interest Expense on Bond Debt
County Taxes-Unrestricted	6,284	Supports Community Benefit Programs
County Taxes-Restricted	2,915	Supports Capital Outlay Projects
G.O. Tax Revenues	6,800	Debt Payment (P & I) on \$148M Bond
Other	14	
Total non-operating revenues and expenses	<u>11,314</u>	
Net Income (Loss)	<u>8,979</u>	

Note: Totals may not agree due to rounding



**EL CAMINO HOSPITAL DISTRICT
STATEMENT OF FUND BALANCE ACTIVITY
FOR BUDGET 2013
(In Thousands)**

UNRESTRICTED FUND ACTIVITY BALANCE

Projected Opening Balance @ 7/1/2012	\$ 29,406
Budgeted Net Income for FY 2013	8,979
Transfer from ECH for IGT Participate in FY13	2,016
Transfer to ECH for Community Benefit programs	(5,982) *
Transfer to ECH for Capital Outlay projects	(3,400)

PROJECTED ENDING BALANCE @ 6/30/2013 **\$ 31,019 ****

* This is for the completed FY 2012

** Held within ending balance is \$2,915 of Capital Outlay fund for FY13

El Camino Hospital & Affiliates
Fiscal Year 2013 Proposed Budget

	Hospital	Affiliates	Hospital & Affiliates
Operating Revenues			
Gross Revenue	\$ 2,394,408,056	\$ 36,571,759	\$ 2,430,979,815
Deductions	\$ (1,767,612,726)	\$ (29,993,820)	\$ (1,797,606,546)
Other Operating Revenue	\$ 19,775,273	\$ 13,108,764	\$ 32,884,037
Net Operating Revenue	\$ 646,570,604	\$ 19,686,703	\$ 666,257,306
Operating Expense			
Wages & Benefits	\$ 337,040,346	\$ 11,006,833	\$ 348,047,178
Drugs & Supplies	\$ 91,641,949	\$ 1,921,385	\$ 93,563,334
Purchased Services & Consulting	\$ 74,843,162	\$ 7,650,211	\$ 82,493,373
General / Administrative	\$ 40,558,839	\$ 1,680,167	\$ 42,239,006
Interest Expense	\$ 7,895,800	\$ -	\$ 7,895,800
Depreciation	\$ 49,240,420	\$ 343,403	\$ 49,583,823
Total Operating Expense	\$ 601,220,517	\$ 22,601,998	\$ 623,822,515
Net Operating Income	\$ 45,350,087	\$ (2,915,296)	\$ 42,434,791
Non-Operating Revenue & Expense	\$ 9,964,005	\$ 3,562,970	\$ 13,526,975
Net Income	\$ 55,314,092	\$ 647,674	\$ 55,961,766

Net Operating Margin 7.0%

El Camino Hospital & Affiliates Capital Allocation – FY2013 Budget

Medical, Non-medical and IT Hardware and Software		
Category	# of Projects	Total
Spending under \$100,000 per project		\$4,600,000
Medical Equipment over \$100,000	24	\$6,556,675
IT Software & Hardware over \$100,000	31	\$10,006,516
Total Capital Equipment		\$21,163,191

Major investments are proposed for facilities and strategic projects

Facilities and Strategic Projects		
Category	# of Projects	Total
Facility Improvement over \$100,000	Los Gatos -7 Mountain View - 3	\$12,034,375 \$2,320,000
Major Facilities	Mountain View -2	\$20,800,000
Strategic / Off Campus	5	\$14,185,000
Total Facilities and Strategic Projects		\$49,339,375

Attachment 14

- a. Public Comment; District Board Agenda
- b. Website Screen
- c. District Bylaws
- d. Rules of Order

(Attached)



El Camino Hospital District

2500 Grant Road
Mountain View, CA 94040-4378
Phone: 650-940-7000
www.elcaminohospitaldistrict.org

AGENDA

Regular Meeting of the Board of Directors
El Camino Hospital District
Tuesday, June 19, 2012 at 7:30 p.m.
Conference Rooms A & B, ground floor
El Camino Hospital
2500 Grant Road, Mountain View, California

BOARD OF DIRECTORS

Wesley F. Alles
Patricia A. Einarson, MD
Uwe R. Kladde, RN
David W. Reeder
John L. Zoglin

PURPOSE: The District shall be (i) to establish, maintain and operate, or provide assistance in the operation of, one or more health facilities (as that term is defined in California Health and Safety Code Section 1250) or health services at any location within or without the territorial limits of the District, for the benefit of the District and the people served by the District; (ii) to acquire, maintain and operate ambulances or ambulance services within or without the District; (iii) to establish, maintain and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and such other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the District; and (iv) to do any and all other acts and things necessary to carry out the provisions of these Bylaws and the Local Health District Law.

A copy of the agenda for the Special Meeting will be posted and distributed at least twenty-four (24) hours prior to the meeting. In observance of the American with Disabilities Act, please notify us at 650-940-7301 48 hours prior to the meeting so that we may provide the agenda in alternative formats or to make disability-related modifications and accommodations

- | | | | |
|------|---|--|---|
| I. | CALL TO ORDER/ROLL CALL | <u>PRESENTED BY</u>
John Zoglin
Board Chairman | 7:30 p.m. |
| II. | POTENTIAL CONFLICT OF INTEREST DISCLOSURE | John Zoglin
Board Chairman | 7:30-7:32 |
| III. | ADJOURN TO CLOSED SESSION
The Board will adjourn to a Closed Session, pursuant to the sections of the California codes noted below: <ol style="list-style-type: none"> 1. Conflict of Interest disclosures relating to Item 2-4 on the Closed Session agenda pursuant to the code provisions listed below. 2. Approval of Minutes of the Closed Session Special Board Meetings (May 9, 2012 and May 29, 2012) motion required
<i>Gov't Code Section 54957.2.</i> 3. Conference with Legal Counsel – pending or threatened litigation <i>Gov't Code Section 54956.9(b) & (c)</i> 4. Conference with Legal Counsel – pending or threatened litigation <i>Gov't Code Section 54956.9(c)</i> 5. Adjourn to Open Session | | |
| IV. | RECONVENE OPEN SESSION
To report any required disclosure regarding permissible actions taken during Closed Session | John Zoglin
Board Chairman | 8:16 p.m. |
| V. | ACTION
A. Consent Calendar
All items listed on the Consent Calendar are considered to be routine matters or are considered formal documents covering previous Board instructions. One motion, a second and a vote may enact all of the items listed on the Consent Calendar. There will be no separate discussion of Consent Calendar items unless members of the District Board, staff or the public request discussion on a specific | | |
| | John Zoglin
Board Chairman | <i>public</i>
<i>comment</i> | motion
required
8:16-8:18 |

ECHD District Board Meeting

June 19, 2012

Page 2

item at the beginning of the consideration of the Consent Calendar.

- Minutes of Special District Board Meeting – approval May 9, 2012
- Minutes of Special Meeting – approval May 12, 2012
- Minutes of Special Meeting – approval May 29, 2012
- District Surplus Cash

ATTACHMENT 4

B. El Camino Hospital District Community Benefit Plan

Cecile Currier

public comment

motion required
8:18-8:25

ATTACHMENT 5

C. Initiative

Steve Mayer

public comment

motion required
8:25-8:45

--The Board will consider adopting the initiative or place it on the ballot.

Arnold & Porter

ATTACHMENT 6

D. Consideration of District Position of the Initiative

Steve Mayer

public comment

possible motion
8:45-8:55

ATTACHMENT 7

E. Stand-Alone 2012-13 El Camino Hospital District Operating Budget

Mike King

public comment

motion required
8:55-9:00

The Board will consider the District's Operating Budget for the FY2012-13 (included is a recap of the Hospital & Affiliates operating and capital budget).

ATTACHMENT 8

F. Establishing Tax Appropriation for FY 2012-2013

Mike King

public comment

motion required
9:00-9:05

Resolution 2012-12

Each year the District Board must approve a resolution to establish the tax appropriation limit for the upcoming fiscal year. This is based on the District's budget analysis and California Govt. Code computation annually of the change in the cost of living and population

ATTACHMENT 9

G. Use of District's Capital Outlay Fund

Mike King

public comment

motion required
9:05-9:15

Currently with the District's Outlay Fund from excess tax receipts for FY 2011 is an unallocated amount of \$2,830,419 which must be designated to capital equipment. A proposal from the El Camino Hospital for use of the funds will be presented.

ATTACHMENT 10

H. LAFCo Update

Greg Caligari

public comment

motion required
9:15-9:25

Review draft letter from District Board.

Cox Castle Nicholson

ATTACHMENT 11

- VI. INFORMATIONAL ITEM**
- A. "Stand-Alone" El Camino Hospital District Financials – Period 10-2012
The District's financial statements, recap of the Community Benefit Fund expenditures, and a presentation of District and Hospital & Subsidiaries financial statements will be presented to the Board.
ATTACHMENT 12
- Mike King 9:25-9:35
- VII. PUBLIC COMMUNICATION**
- A. Oral Comments
This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.
- B. Written Correspondence
- John Zoglin
Board Chairman 9:35-9:45
- VIII. ADJOURNMENT** 9:45 p.m.

Name changed to El Camino Healthcare District on May 1, 2013
Update to website in process.



Next Meeting:

Next Regular Meeting of the ECHD
June 18, 2013 - 5:30 p.m.
El Camino Hospital
2500 Grant Road
Mountain View, CA 94040
Agenda Pending

Looking for past meeting videos or documents? Visit the ECHD archive.

Audit and Service Review Information

The El Camino Hospital District provides access to several information resources related to the most recent audit and service review conducted for the Local Agency Formation Commission of Santa Clara County (LAFCo).

- PMG Report
- ECHD Response

Questions about the audit and service review Read more about it here.

Dedicated to Our Community

We are dedicated to improving the health and well being of the people in our community. The El Camino Hospital District (ECHD) was established by voter approval in 1956 to respond to the ever growing health care needs of the community.

Meet the ECHD Board of Directors

The ECHD Board of Directors is composed of five publicly elected or appointed representatives. As a group, these representatives oversee the assets of the ECHD, including El Camino Hospital, Pathways Home Health, Hospice & Private Duty. The five District Board members also comprise the governing board of El Camino Hospital, which manages El Camino Hospital operations.

News Highlights

April 18, 2013

Road Runners Seeks Volunteer Drivers to Meet High Community Demand | Read more...

February 25, 2013

El Camino Hospital Receives Bond Rating Upgrade from Moody's Investor Service -- *Report Indicates a Stable Outlook* - | Read more...

November 21, 2012

PAMF's donation, combined with a gift from the El Camino Hospital District, will enable all under- and uninsured children in Mountain View to receive essential health-care coverage this year. Los Altos Town Crier | Read more...

October 25, 2012

Sunnyvale: School district sees drop in disciplinary action, thanks to partnership Los Altos Town Crier | Read more...

Videos



Featured Video

ECHD and Valley Medical Center Partnership
The Santa Clara County Board of Supervisors recognized the successful partnership between ECHD and Santa Clara County Valley Medical Center in providing medical and dental services for uninsured families. The resolution was presented by Supervisor Liz Kniss. Read More...



Meeting Videos

Regular Meeting - March 19, 2013

Special Meeting - Dec. 10, 2012

Regular Meeting - Sept. 18, 2012

More videos in the meeting archives

ECHD Bylaws

The El Camino Hospital District (ECHD) is a separate governmental entity in and of itself, formed pursuant to The Local Health Care District Law (California Health and Safety Code Sections 32000 et seq.). The District is governed by its five elected Board members, and ultimately the Board and the District are answerable to the voters of the District.

For more information about how the ECHD operates and is governed download the ECHD Bylaws and Conflict of Interest Code:



ECHD Bylaws



ECHD Conflict of Interest Code

**AMENDED AND RESTATED
BYLAWS
OF
EL CAMINO HEALTHCARE DISTRICT
ADOPTED
May 1, 2013**

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**AMENDED AND RESTATED
BYLAWS
of
EL CAMINO HEALTHCARE DISTRICT
Santa Clara County, California**

PREAMBLE

These Bylaws are adopted by the Board of Directors (the "Board") of the El Camino Healthcare District (the "District"), pursuant to Section 32104 of the Health and Safety Code of the State of California, for the purpose of establishing such rules and regulations, not inconsistent with law, as, in the opinion of the Board of Directors, are necessary for the exercise of the powers conferred and the performance of the duties imposed upon it by the Local Health Care District Law and related statutes. In the event of any conflict between these Bylaws and the Local Health Care District Law, the latter shall prevail.

**ARTICLE I
PURPOSE**

The purpose of this District shall be (i) to establish, maintain and operate, or provide assistance in the operation of, one or more health facilities (as that term is defined in California Health and Safety Code Section 1250) or health services at any location within or without the territorial limits of the District, for the benefit of the District and the people served by the District; (ii) to acquire, maintain and operate ambulances or ambulance services within or without the District; (iii) to establish, maintain and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and such other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the District; and (iv) to do any and all other acts and things necessary to carry out the provisions of these Bylaws and the Local Health Care District Law.

**ARTICLE II
PRINCIPAL OFFICE**

The principal office for the transaction of the business of the District and for the preservation of District records is hereby fixed and located at 2500 Grant Road, Mountain View, California 94040.

**ARTICLE III
OFFICERS**

Section 1 CHAIRPERSON. The Chairperson shall conduct all Board meetings, evaluate annually the Chief Executive Officer in collaboration with the entire Board of Directors, coordinate an annual self-evaluation of the Board of Directors' performance, assure the orientation of new Directors, and perform all other executive functions required by the Board of Directors.

Section 2 VICE CHAIRPERSON. The Vice Chairperson may assume and perform the duties of the Chairperson in the absence or disability of the Chairperson or whenever the office of the Chairperson of the Board is vacant. The Vice Chairperson shall have such titles, perform such other duties, and have such other powers as the Board or the Chairperson shall designate from time to time.

Section 3 SECRETARY. The Secretary (i) shall provide for the keeping of the minutes of all meetings of the Board, (ii) shall send or cause to be sent appropriate notices and prepare agendas for all meetings of the Board, (iii) shall act as custodian of all records and reports and of the corporate seal, if any, assuring that it is affixed, when required by law, to documents executed on behalf of the District, and (iv) shall have such other powers and perform such other duties as may be prescribed by the Board, the Chairperson or by these Bylaws.

Section 4 TREASURER. The Treasurer (i) shall ensure the keeping of correct and accurate accounts of the property and financial records and transactions of the District, and (ii) shall in general supervise or perform all duties incident to the office of Treasurer and such other duties as may be prescribed by the Board, the Chairperson or by these Bylaws.

Section 5 TERM OF OFFICERS. The Board shall elect officers from its members. Officers to be elected in 2002 are elected to a term of one (1) year. Commencing in 2003, the Board shall elect officers from its members in July of every odd-numbered year for a term of two (2) years.

Section 6 RESIGNATION OR REMOVAL. Any officer may resign at any time or may be removed by unanimous vote of the directors then in office (other than the officer himself or herself if he or she is a director) at any regular or special meeting of the Board of Directors.

Section 7 VACANCIES IN OFFICES. Any vacancy which shall occur in the offices shall be filled in the following manner:

(a) The Chairperson of the Board shall appoint persons from the Board of Directors to fill such vacancy until his or her successor is elected and qualified. Said appointment shall be subject to confirmation by the Board.

(b) In the event a vacancy occurs in the office of the Chairperson, the Vice Chairperson shall automatically succeed to the office of the Chairperson for the remainder of the former Chairperson's term of office.

ARTICLE IV DIRECTORS AND VACANCIES

Section 1 NUMBER OF DIRECTORS AND QUALIFICATIONS. The Board shall consist of five (5) directors ("Directors"). Each Director shall be a registered voter who is a resident of the District.

Section 2 TERM OF OFFICE. Each Director shall serve for a term of four (4) years, unless (a) such term is sooner terminated by such director's death, resignation or removal, or (b) a director is appointed or elected to fill an unexpired term.

Section 3 DIRECTOR COMPENSATION. Directors shall serve with compensation to the extent permitted by applicable law and in accordance with any policy adopted by the Board. Each Director shall be allowed reimbursement of his or her actual necessary travel and incidental expenses incurred in the performance of official business of the District in accordance with any policy approved by the Board.

Section 4 VACANCIES. Vacancies on the Board shall be filled in accordance with the Health and Safety Code of the State of California. The procedure for filling a vacancy occurring on the Board shall consist of the following:

- (a) A written notice of the vacancy shall be posted in three (3) or more conspicuous places in the District at least fifteen (15) days before the vacancy is filled;
- (b) The subject of the vacancy shall be included in the agenda for the next meeting of the Board;
- (c) All newspapers circulated in the District shall be given notice of the vacancy;
- (d) The Chairperson, or the Board, shall establish a deadline for the receipt of applications from persons interested in filling the vacancy. Such deadline shall allow a reasonable amount of time to review the applications;
- (e) Interviews shall be scheduled by the Board;
- (f) The vacancy shall be filled by the remaining Directors within sixty (60) days immediately subsequent to the effective date of the vacancy, or the Board may within sixty (60) days of the vacancy call an election to fill the vacancy. Any such election shall be held on the next available election date under applicable provisions of the California Elections Code that is 130 or more days after the vacancy occurs; and
- (g) The person appointed shall hold office until the next district general election that is scheduled 130 or more days after the effective date of the vacancy, unless an election is also held on the same date for the purpose of electing a director to serve a full term in the same office to which the person was appointed, in which event the person appointed to the vacancy shall fill the balance of the unexpired term of his or her predecessor.

ARTICLE V BYLAWS

Section 1 INSPECTION OF BYLAWS. The Bylaws shall be kept at the principal office of the District and shall be open to public inspection.

Section 2 AMENDMENTS TO BYLAWS. Any provisions of the Bylaws may be amended by a vote of the majority of the entire Board.

ARTICLE VI MEETINGS

Section 1 PUBLIC. All meetings of the Board, whether regular, special or adjourned, shall be open to the public except that meetings of the Board may be closed to the public by the Board if allowed by California law.

Section 2 PLACE. Any regular meetings of the Board shall be held at El Camino Hospital in Mountain View, California (including the main hospital building or any ancillary building owned or occupied by El Camino Hospital), and special or adjourned meetings may be called at any other location within the District, said call to contain the location.

Section 3 TIME AND NOTICE. Statutory Meetings. Meetings of the Board shall be held without call or notice whenever required by statute.

(a) Regular Meetings. Regular meetings of the Board shall be held without call on the date and at the time established, from time-to-time, by resolution of the Board. The Board may establish the date and time of one or more regular meetings in any such resolution.

(b) Special Meetings. Special meetings of the Board may be held, provided that such meetings comply with all requirements established by California law.

Section 4 AGENDA FOR MEETINGS. The order of business at the meetings of the Board shall be as follows:

- (a) Roll Call
- (b) Approval of Minutes
- (c) Other Reports
- (d) Adjournment

The agenda for Board meetings shall be developed by the Chairperson with the Chief Executive Officer acting as staff to the Chairperson for this purpose. Any Director may request that a matter be added to a future Board meeting agenda. If such a proposal is made between Board meetings, the Director shall communicate the substance of the proposed item to the Chairperson and the Chief Executive Officer with sufficient detail so such item may be properly added to the agenda for a Board meeting. Such item shall be added to the Board agenda for the next meeting of the Board for which there is sufficient time to fully comply with all notice and agenda posting requirements applicable to the Corporation. Any such item so added to the Board agenda may be removed from the Board agenda by a motion made by any Director at such meeting if such motion is approved by the Board. If a Director proposes that an item be added to the Board agenda for a future Board meeting during a Board meeting, then such item shall be added to the Board agenda unless the Board adopts a resolution directing that such item not be added to the agenda.

Section 5 QUORUM. Three (3) members shall constitute a quorum.

**ARTICLE VII
SPECIAL COMMITTEES**

Section 1 SPECIAL COMMITTEES. Special committees shall be created as the need may arise. The chairperson of the committee must be a member of the Board appointed by the Chairperson of the Board and all committees shall include one or more members of the Board. All members of the committees, other than the chairperson of the committee, are subject to approval by the Board. Fifty percent (50%) attendance shall represent a quorum. Written minutes of all meetings shall be kept. All special committees shall be advisory to the Board unless otherwise specified by the Board.

**ARTICLE VIII
CHIEF EXECUTIVE OFFICER**

Section 1 SELECTION, AUTHORITY AND TERM. The Board may select and employ a competent, experienced Chief Executive Officer who shall be its direct executive representative in the management of the District. This Chief Executive Officer shall be given the necessary authority and held responsible for the administration of the District in all its activities and departments subject only to such policies as may be adopted, and such orders as may be issued by the Board of Directors or by any of its committees to which it has delegated power for such action. He or she shall act as the "duly authorized representative" of the Board in all matters in which the Board has not formally designated some other person for that specific purpose. However, nothing in this section is to be construed as depriving or delegating from the Board to the Chief Executive Officer any of the powers and duties imposed upon the Board by the Local Health Care District Law, Division 23, or Chapter 1 of the Health and Safety Code of the State of California, or related statutes. The Chief Executive Officer shall hold office from the date of hire until the end of his or her term in office or sooner at the sole discretion of the Board, subject to any employment agreement.

Section 2 PERFORMANCE REVIEW. The Board shall continually review the performance of the Chief Executive Officer and provide counseling in areas where improvement is needed.

Section 3 AUTHORITY AND DUTIES. The authority and duties of the Chief Executive Officer shall be as follows:

- (a) To prepare an annual budget showing the expected receipts and expenditures of the District as required by the Board.
- (b) To select, employ, and discharge all employees serving in positions as authorized by the Board.
- (c) To attend all meetings of the Board.
- (d) To submit regularly to the Board or its authorized committees, periodic reports showing the professional service and financial activities of the District and to prepare and submit such special reports as may be required by the Board and/or its functioning committees.

- (e) To serve as the liaison officer and channel of communications for all official communications between the Board or any of its committees, and its adjunct organizations.
- (f) To act as an ex-officio member of all Board committees.
- (g) To perform any other duty that may be necessary in the best interest of the District.

**ARTICLE IX
EXECUTION OF CORPORATION INSTRUMENTS,
AND VOTING OF STOCKS AND MEMBERSHIPS
HELD BY THE DISTRICT**

Section 1 EXECUTION OF CORPORATE INSTRUMENTS. The Board may, in its discretion, determine the method and designate the signatory officer or officers or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the District.

Unless otherwise specifically determined by the Board or otherwise required by law, formal contracts of the District, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the District, and other corporate instruments or documents, and certificates of shares of stock owned by the District, shall be executed, signed, or endorsed by the Chairperson.

All checks and drafts drawn on banks or other depositories on funds to the credit of the District, or in special accounts of the District, shall be signed by such person or persons as the Board shall authorize to do so.

Section 2 VOTING OF STOCKS OWNED BY DISTRICT. All stock of other corporations or memberships in other corporations owned or held by the District for itself, or for other parties in any capacity, shall be voted, and all proxies with respect to such stock or memberships shall be executed, by the person authorized to do so by resolution of the Board, or in the absence of such authorization, by the Chairperson of the Board, or Vice Chairperson or by any other person authorized to do so by the Chairperson or the Vice Chairperson of the Board.

**ARTICLE X
MAINTENANCE AND INSPECTION
OF REPORTS AND RECORDS**

The District shall keep at its principal office the original or a copy of its charter and these Bylaws as amended from time to time. Each Director shall have the absolute right at any reasonably time to inspect all books, records, and documents of every kind and the physical properties of the District. This inspection by a Director may be made in person or by the agent or attorney. The right of inspection includes the right to copy and make abstract of documents.

ADOPTION OF AMENDED AND RESTATED BYLAWS

Approved and adopted by Resolution No. 2013-6 at a meeting of the Board of Directors of El Camino Healthcare District, duly held on May 1, 2013.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the currently elected and acting Secretary of El Camino Healthcare District, a public hospital district, and the above Amended and Restated Bylaws, consisting of 7 pages, are the Bylaws of the El Camino Healthcare District as adopted pursuant to the required affirmative vote of the Board of Directors of El Camino Healthcare District on December 7, 2005 and as amended and restated pursuant to the required affirmative vote of the Board of Directors of El Camino Healthcare District on March 1, 2006, on January 17, 2012, and on May 1, 2013.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Secretary on May 1, 2013.



David W. Reeder, Secretary

RULES OF ORDER
OF THE BOARD OF DIRECTORS OF
EL CAMINO HEALTHCARE DISTRICT

As of: September 10, 2008

PREAMBLE

These Rules of Order are adopted by the Board pursuant to Section 32104 of the Health and Safety Code of the State of California for the general purpose of establishing rules for its proceedings subject generally to:

- (a) The Local Hospital District Law of the State of California (Health and Safety Code Sections 32000, *et. seq.*);
- (b) Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code (the "Brown Act"); and
- (c) The Amended and Restated Bylaws of El Camino Healthcare District, as may be amended from time to time (the "Bylaws").

In the event of any conflict between these rules and the Local Hospital District Law, the Brown Act or the Bylaws, the Local Hospital District Law, the Brown Act and the Bylaws, as the case may be, shall prevail.

CHAPTER I

GENERAL PROVISIONS

Section 1. Purpose of Rules. The purpose of these rules is to make it easier for the Board of Directors of El Camino Healthcare District (the "Board" and the "District," respectively) and the members of the community to work together effectively and to help the District accomplish its purpose.

Section 2. Order by Motions. At a Board meeting, the Board will address only one matter at a time. Therefore, subsequent motions may be entertained by the President of the Board as described in Paragraph 5.1 of Chapter II.

Section 3. Full Discussion. Every matter presented for decision should be discussed fully by the Board. The right of every member of the Board to speak on any issue is as important as each Board member's right to vote.

Section 4. Full Understanding. Every member of the Board has the right to understand the matter considered at a meeting, and to know what effect a decision on the matter will have. A member of the Board always has the right to request information on any motion he or she does not thoroughly understand.

Section 5. Fairness and Good Faith. All meetings of the Board shall be conducted fairly and in good faith.

CHAPTER II

BOARD MEETINGS

Section 1. President Presides. The President of the Board, when present, shall preside at all meetings of the Board and shall take the chair at the hour appointed for every Board meeting and shall call the members to order and, except in the absence of a quorum, shall proceed with the business of the Board in the manner prescribed by these rules. In the absence of the President, the Vice President will preside and shall have all the powers and duties of the President. A majority of the members shall constitute a quorum for the transaction of business.

Section 2. Agenda. The agenda consists of the items of business to be discussed during a meeting of the Board. Each agenda shall include a brief general description of matters to be considered or discussed and shall contain such other information as may be required by the Brown Act and shall be posted, mailed, and/or delivered as prescribed by the Brown Act. The President, with the assistance of the CEO, shall take appropriate measures to see that a proposed agenda is prepared in advance of each meeting of the Board.

Section 3. Consent Calendar. There will be no separate discussion of Consent Calendar items as they are considered to be routine. Consent Calendar items will be enacted by one motion, a second and a vote. If a member of the Board, the Hospital staff, or the public requests discussion on a particular item, that item will be removed from the Consent Calendar and considered separately.

Section 4. Minutes. The minutes of the meetings of the Board shall record, in summary rather than verbatim, the actions taken by the Board.

4.1. Preparation. The Secretary, with the assistance of the CEO, shall take appropriate measures to see that the minutes are prepared in advance of each meeting of the Board.

4.2. Adoption. If the minutes have been duplicated and circulated to the members of the Board before the meeting, they need not be read at the meeting. The President shall ask if there are any errors in or omissions from the minutes. Should there be any mistake, appropriate corrections or additions shall be made. Any member of the Board may then move that the minutes be approved as printed or amended.

Section 5. Motions. The business of the Board is accomplished in meetings by means of debating motions, which are formal proposals by two members (the mover and the seconder) that the meeting take certain action. Once a main motion (a motion that brings business before the meeting) has been stated by one member, seconded by another member, and repeated for the meeting by the President, the meeting cannot consider any other business until that motion has been disposed of, or until some other motion of higher precedence has been proposed, seconded and accepted by the President. The President, in his/her sole discretion, may permit discussion of a general topic before a motion is introduced. A main motion must not interrupt another speaker, requires a seconder, is debatable, is lowest in rank or precedence, can be amended, cannot be applied to any other motion, may be reconsidered, and requires a majority vote.

5.1. *Precedence of Motions*. When a motion is before the Board, no motion shall be entertained except the President shall entertain subsequent motions to adjourn, take a recess, to table a motion, to limit or extend debate, and to amend or substitute a motion. Any question as to the order or precedence of motions shall be referred to the District's legal counsel for a determination based on Robert's Rules of Order. All subsequent motions require a second, are amendable and are debatable.

Section 6. Discussion and Voting.

6.1. *President to State Motion*. The President shall assure that all motions are clearly stated before allowing discussion to commence. The President may restate the motion or may direct the CEO to the restate the motion prior to voting.

6.2. *President May Discuss and Vote*. The President may move, second and discuss from the chair, subject only to such limitations of discussion as are by these rules imposed on all members of the Board. The President shall not be deprived of any of the rights and privileges of a member of the Board.

6.3. *Division of a Question*. If a question contains multiple divisible propositions, each of which is capable of standing as a complete proposition if the others are removed, the President may, and upon request of a member of the Board, divide the same. The President's determination shall be appealable by any member of the Board.

6.4. *Withdrawal of Motion*. A motion may not be withdrawn by its maker without the consent of the member of the Board seconding it.

6.5. *Change of Vote*. Members of the Board may change their votes before the next item on the agenda is called.

6.6. *Voting*. The vote shall be taken by voice, and a verbal roll call need not be called in voting upon a motion except where specifically required by law or requested by a member of the Board.

6.7. *Silence Constitutes Affirmative Vote.* Members of the Board who are silent during a voice vote shall have their vote recorded as an affirmative vote, except when individual members of the Board have stated in advance that they will not be voting.

6.8. *Abstaining from Vote.* Generally, it is the duty of every member of the Board who has an opinion on a motion before the Board to express it by a vote; however, every member has the right to abstain from voting.

6.9. *Not Participating.* A member of the Board who disqualifies himself or herself pursuant to the Political Reform Act of 1974 because of any financial interest shall disclose the nature of the conflict and may not participate in the discussion or the vote. A member of the Board may otherwise disqualify himself or herself due to personal bias or the appearance of impropriety or to avoid the appearance of a conflict of interest.

6.10. *Tie Votes.* Tie votes may be reconsidered during the time permitted by Section 6.11 of Chapter II on a motion by any member of the Board voting "Aye" or "Nay" during the original vote. Before a motion is made on the next item on the agenda, any member of the Board may make a motion to continue the matter to another date. Nothing herein shall be construed to prevent any member of the Board from adding a matter which resulted in a tie vote to the agenda at a future Board meeting, as provided in the Bylaws.

6.11. *Motion to Reconsider.* A motion to reconsider any action taken by the Board may be made only during the meeting or adjourned meeting thereof when the action was taken. A motion to reconsider requires a second, is debatable and is not amendable. Such motion must be made by one of the prevailing side, but may be seconded by any member of the Board. A motion to reconsider may be made at any time and shall have precedence over all motions, or while a member of the Board has the floor, providing that no vested rights are impaired. If the motion to reconsider fails, it may not itself be reconsidered. Reconsideration may not be moved more than once on the same motion.

6.12. *Appeal From Decision of President.* When the rules are silent as to questions of order, the President shall either refer to the District's legal counsel for an opinion based on Robert's Rules of Order, Newly Revised, or submit the question to the Board, in which case a majority vote shall prevail.

6.13. *Recognition by President.* In order for a member of the Board to be recognized, he or she must first request to be recognized for verbal comment by the President. Once recognized by the President, the speaker shall confine his/her remarks to the question under debate and shall avoid personal attacks and indecorous language.

6.14. *Interruptions.* Except for being called to order, a member of the Board, once recognized, shall not be interrupted when speaking, except as otherwise provided for in these rules.

Section 7. Absence. No member of the Board shall absent himself/herself from any regular or special meeting (except on account of illness or an emergency). If any member of the Board is unable to attend a meeting, he or she shall notify the President at least one day prior to the meeting and advise him/her of the reasons therefor.

Section 8. Items to Be Considered After Eleven P.M. Before 11:00 p.m., the Board will determine whether it will commence any new items after 11:00 p.m. and shall determine which specific items will be taken up.

Section 9. Adjournment. The Board may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. When a regular adjourned meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes.

CHAPTER III

ORDER AND DECORUM OF BOARD MEETINGS

Section 1. Meeting Powers of the President. The President shall possess the powers and perform the duties prescribed as follows:

- (a) Have general direction over the meeting place;
- (b) In accordance with the Brown Act: preserve order and decorum; prevent demonstrations; order removed from the meeting place any person whose conduct he or she deems objectionable; and order the meeting place cleared whenever he or she shall deem it necessary;
- (c) Assure that attendance of the public at meetings shall be limited to that number which can be accommodated by the seating facilities regularly maintained therein. Standees may be asked to leave when room capacity exceeds that maximum number set by the Fire Marshal;
- (d) Recess the meeting if deemed necessary due to disturbance.

Section 2. Removal by the President. The President shall order removed from the meeting place any person who commits the following acts in respect to a meeting of the Board:

- (a) Disorderly, contemptuous or insolent behavior toward the Board or any member of the public or staff, tending to interrupt the due and orderly course of said meeting;
- (b) A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting;

(c) Disobedience of any lawful order of the President which shall include an order to be seated or to refrain from addressing the Board;

(d) Any other unlawful interference with the due and orderly course of said meeting.

Section 3. Clearing of Meeting Place. In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the President may order the meeting place cleared and continue the meeting in executive session. Only matters appearing on the agenda may be considered in such a session. Duly accredited representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section.

Any person so removed shall be excluded from further attendance at the meeting from which he or she has been removed, unless permission to attend be granted upon motion adopted by a majority vote of the Board, and such exclusion shall be effected by the Sergeant at Arms upon being so directed by the President.

Section 4. Sergeant at Arms. The Sergeant at Arms, who shall be the CEO of the District, or his designee, in attendance at the meeting when his/her services are commanded by the President, shall carry out all orders and instructions given by the President for the purpose of maintaining order and decorum at the meeting.

Section 5. Placards, Signs, Posters, Etc. Except with prior authorization of the President, no placards, signs or posters or packages, bundles, suitcases, balloons or other large objects shall be brought into the meeting place.

Section 6. Seating. Unless addressing the Board or entering or leaving the room, all persons in the audience shall remain sitting in the seats provided. No person shall block the aisles or doorways.

Section 7. Disruption. All demonstrations, including cheering, yelling, whistling, hand clapping and foot stamping are prohibited.

Section 8. Distribution of Literature. Except with prior authorization of the President, the distribution of literature, of whatever nature or kind, is prohibited. If persons wish to distribute information on matters not on the agenda, they must present themselves at the appropriate time and receive permission from the President to distribute informational items covered under their three-minute public comment.

Section 9. Public Participation.

9.1. Policy. It is the policy of the Board that members of the public have the opportunity to provide comments at any regular or special meeting on any agenda item to

be considered by the Board after it is presented, but before or during final consideration of the agenda item.

9.2. *Persons Eligible to Speak.* The Board may exclude all persons who willfully cause a disruption of a meeting so that it cannot be conducted in an orderly fashion. Where removal of the disruptive persons is not sufficient to restore order, the Board may clear the room of all persons, except that media personnel not involved in the disruption will be permitted to remain.

9.3. *Addressing the Board.* No person shall address the Board until he or she has first been recognized by the President. The decision of the President to recognize or not recognize a person may be changed by order of the Board. All persons addressing the Board will be asked to give, but are not required to give, their names and addresses for the purpose of the record. No person, other than a member of the Board and the person recognized, shall be permitted to enter into any discussion without the permission of the President. All remarks shall be addressed to the Board as a body and not to any member thereof. No remarks shall be addressed to the staff of the District.

9.4. *Indecorous Remarks.* All remarks shall avoid indecorous language, personal attacks, or personally disparaging remarks.

9.5. *Time Limitations.* Each speaker shall have not more than three minutes to address an agenda item. Public comment on a single subject matter shall not exceed fifteen minutes. The President may, in the interest of facilitating the business of the Board, increase the amount of time spent on a subject matter.

9.6. *Spokesperson for a Group of Persons.* When any group of persons wishes to address the Board on the same subject matter, it shall be proper for the President to request that a spokesperson be chosen by the group to address the Board.

9.7. *Subject Matter Limitations.* Public comment shall be limited to matters within the subject matter jurisdiction of the Board.

9.8. *Non-Agenda Matters.* Persons desiring to address the Board on any matter not listed on the agenda may do so at regularly scheduled meetings of the Board pursuant to instructions on the printed agenda. Only those matters listed on the agenda of a special meeting of the Board may be addressed by the public. Comments regarding non-agenda matters shall be subject to the provisions of Chapter III, Section 9.

CHAPTER IV

MISCELLANEOUS PROVISIONS

Section 1. Robert's Rules of Order. The proceedings of the Board shall be governed by the provisions of law applicable thereto and, except as herein otherwise provided, by Robert's

Rules of Order, Newly Revised. Failure to follow Robert's Rules of Order, Newly Revised, or these rules shall not invalidate any action taken.

Section 2. Suspension and Amendment of Rules. Except as otherwise provided by law, these rules, or any portion thereof, may be suspended or amended by order of the Board when regularly entered in its minutes.

Attachment 15

Copy of Statement of Work Under Management Services Agreement

(Attached)

Statement of Work

This Statement Of Work is effective as of July 1, 2013, and is intended to implement and clarify that certain Management Services Agreement (the "MSA"), which was entered into on January 1, 1993, between El Camino Healthcare System, a California nonprofit public benefit corporation which is currently known as El Camino Hospital (the "Corporation") and El Camino Hospital District (now, El Camino Healthcare District "the District"), pursuant to which the Corporation provides certain services to the District which services are generally described in the MSA. Without in any way limiting the responsibilities of Corporation under the MSA, this Statement of Work is intended to further clarify that services to be provided by the Corporation under the MSA shall include, but not be limited to, the following:

Corporation will provide whatever staff as may be necessary to perform the activities that are relevant to the operations of the District and are directed by the District Board, including any such activities reasonably inferred to be necessary as a result of resolutions or policies of the District Board. In the event Corporation must obtain outside services to accomplish these tasks, the District will be responsible for those expenses only if approved by the District Board. Expenditures which are contemplated as part of the District's annual budget are considered to be approved when the budget is approved. Corporation will generally obtain approval prior to making any unbudgeted expenditure, but failure to do so will not in and of itself prevent the District from approving said expenditure.

In the event District requests the use of Corporation meeting space without providing at least the required amount of notice described in the MSA, Corporation will make reasonable effort to accommodate District's request and will provide available space at no additional charge.

The personnel, supplies, and other expenses required to administer the District's community benefit program was not explicitly addressed in the MSA. However, the MSA provides in its section 2.3 that if the District requires services in addition to those provided for in the MSA, the District "shall negotiate with Corporation for such services and the price of such services." The parties agree that Corporation will provide to the District personnel, supplies, and other expenses required to administer the District's community benefit program at an annual cost of \$247,000. As per section 2.2 of the MSA, this amount may be adjusted at the end of each year if the MSA is renewed, based on negotiations between the parties.

Corporation will provide a Chief Executive Officer, a Chief Financial Officer, and when needed, a Controller, who serve the needs of the District. These individuals will serve as staff to the District at official meetings of the District. Corporation may also assign other personnel to fill such roles and positions for the District as it deems necessary in order to fulfill its obligations under the MSA. If desired by the District, Corporation will provide District business cards and stationary to its personnel, at the expense of the District.

IN WITNESS OF their intent to accept this Statement of Work, duly authorized representatives of the parties hereby attach their signatures as of the date first set forth above.



For Corporation, its CEO



For District, its Chairman of the Board

Attachment 16

Collateral materials regarding new District name, logo and business cards

(Attached)



2500 Grant Road
Mountain View, CA 94040
Phone: 650-962-5853
www.elcaminohospitaldistrict.org

BOARD OF DIRECTORS

Dennis W. Chiu, JD
Patricia A. Einarson, MD, MBA
Julia E. Miller
David Reeder
John L. Zoglin



JOHN L. ZOGLIN
Board of Directors, Chairman

2500 Grant Road
Mountain View, CA 94040

Phone: 650-962-5853
Direct: 650-962-5853
Fax: 650-962-5853

*Dedicated to improving the health and
well being of the people in our community.*

Attachment 17

Copy of District Conflict of Interest Code originally adopted on September 8, 2010;
Reviewed and re-adopted without revision on July 17, 2012

(Attached)

El Camino Hospital
District

Conflict of Interest Code

Approved

El Camino Hospital District
Summary of Changes to Conflict of Interest Code
September 2010

Text of Code

1. Text of Code updated.

Disclosure Category Text

1. Disclosure Category 3 created.

Position Title Changes

1. Board of Directors changed to Member of the Board of Directors
2. Consultants changed to Consultant

Positions Changed Categories

1. Consultant assigned to newly created Category 3.

Approved

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE EL CAMINO HOSPITAL DISTRICT ADOPTING BY
REFERENCE THE MODEL CONFLICT OF INTEREST CODE SET
FORTH IN TITLE 2, SECTION 18730 OF THE CALIFORNIA CODE
OF REGULATIONS

RESOLUTION 2010-7

As Amended September 8, 2010.

WHEREAS, pursuant to Section 87300 *et seq.* of the California Government Code, the El Camino Hospital District is required to adopt and promulgate a Conflict of Interest Code;

WHEREAS, the El Camino Hospital District previously adopted a Conflict of Interest Code effective September 13, 2000;

WHEREAS, the El Camino Hospital District desires to now update its formal Conflict of Interest Code so as to comply with changes to the applicable provisions of Section 87300 *et seq.* of the California Government Code and Title 2, Section 18730 of the California Code of Regulations;

WHEREAS, pursuant to Government Code Section 87302, the Conflict of Interest Code must specifically enumerate the positions within the District, other than those specified in Government Code Section 87200, that involve the making or participating in making decisions that may have a reasonably foreseeable material effect upon any financial interest, and, for each such enumerated position, the Conflict of Interest Code must state the specific types of investments, business positions, interests in real property and sources of income that are reportable;

WHEREAS, Title 2, Section 18730 of the California Code of Regulations contains the terms of a Model Conflict of Interest Code developed by the Fair Political Practices Commission ("FPPC") that agencies can adopt by reference, which may

Approved

be amended from time to time by the FPPC after public notice and hearing to conform to amendments in the Political Reform Act; and,

WHEREAS, adopting by reference the terms of the FPPC's Model Conflict of Interest Code set forth in the California Code of Regulations, and amendments thereto, as the Conflict of Interest Code of the El Camino Hospital District will meet the statutory requirements for adopting such a code and save the District time and resources by minimizing the actions required to keep the Code in conformity with the Political Reform Act;

NOW, THEREFORE, the Board of Directors of the El Camino Hospital District resolves as follows:

1.0 The Model Conflict of Interest Code set forth in Title 2, Section 18730 of the California Code of Regulations, which is attached hereto and incorporated herein as Exhibit 'A' and any amendments to the Model Conflict of Interest Code subsequently adopted by the FPPC, are hereby adopted by the El Camino Hospital District as its Conflict of Interest Code.

2.0 Exhibit 'B,' which is attached hereto and incorporated herein, enumerates the positions within the District (in addition to any of those set forth in Government Code Section 87200) that are subject to the provisions of the Conflict of Interest Code and their respective disclosure categories. This Resolution and the attached Exhibits A and B together constitute the Conflict of Interest Code of the El Camino Hospital District.

3.0 Pursuant to Section 4 of the Model Conflict of Interest Code adopted hereby, public officials and designated employees shall file Statements of Economic Interest with the Clerk of the Board of Directors of the El Camino Hospital District. The Clerk of the Board of Directors of the El Camino Hospital District shall make and retain a copy and forward the original to the County of Santa Clara Clerk of the Board of Supervisors. Statements of Economic Interest shall be made on forms prescribed by the FPPC.

Approved

4.0 No Conflict of Interest Code shall be effective until it has been approved by the code reviewing body. Notwithstanding this effective date, the adoption of this Conflict of Interest Code shall not be considered an original adoption as to those designated officials or employees who have already been filing annual statements of economic interest. Those persons shall not be required to file again this year. Newly designated officials or employees shall file statements within 30 days of the effective date of this Code, and all designated officials and employees shall continue to file statements upon assuming or leaving office as directed in Sections of the Model Conflict of Interest Code.


PASSED AND ADOPTED at a special meeting of the Board of Directors of the El Camino Hospital District held on the 8th of September of, 2010, by the following vote:

AYES: *Olles, Cinarson, Kladde, Reeder, Zoglin*

NOES:

ABSENT:

ABSTAIN:


Owe Kladde, Secretary
ECHD Board of Directors

Approved

EXHIBIT A

(The text of 2 Cal. Code Regs. Tit. 2 § 18730 is provided for convenience. Any changes, modification or amendments adopted by the Fair Political Practices Commission supersede the text of the regulations as written below.)

§ 18730. Provisions of Conflict of Interest Codes.

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code section 87300 or the amendment of a conflict of interest code within the meaning of Government Code section 87306 if the terms of this Regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Government Code sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions. The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees. The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories. This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Government Code sections 87200, et seq.

Approved

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code section 87200; and

(C) The filing officer is the same for both agencies.¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.²

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code

¹ Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests of both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government Code Section 81004.

² See Government Code section 81010 and 2 Cal. Code of Regs. section 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

Approved

reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5, Statements for Persons Who Resign Prior to Assuming Office. Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements. Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements. Assuming office statements shall disclose any reportable investments, interests in real property and business positions held

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on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Government Code section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to 2 Cal. Code Regs. section 18754.

(D) Contents of Leaving Office Statements. Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting. Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure. When an investment or an interest in real property³ is required to be reported⁴, the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds two thousand dollars (\$2,000), exceeds

³ For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

⁴ Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

(B) Personal Income Disclosure. When personal income is required to be reported,⁵ the statement shall contain:

1. The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);
3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;
5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,⁶ the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

⁵ A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

⁶ Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Government Code Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$420.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$420 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

Approved

(8.2) Section 8.2, Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

Approved

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.

2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

Approved

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of one hundred dollars (\$100) or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9, Disqualification. No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars (\$2,000) or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$420 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation. No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees. In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totalling in value one thousand dollars (\$1,000) or more.

(10) Section 10. Disclosure of Disqualifying Interest. When a designated employee determines that he or she should not make a governmental decision because he

Approved

or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel. Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code section 83114 and 2 Cal. Code Regs. sections 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations. This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code sections 81000-91014. In addition, a decision in relation to which a violation of the is qualification provisions of this code or of Government Code section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code section 91003.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

Approved

EXHIBIT B

DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES

<u>Designated Position:</u>	<u>Disclosure Categories:</u>
BOARD OF DIRECTORS	1
CHIEF EXECUTIVE OFFICER ⁷	1
CHIEF FINANCIAL OFFICER ⁸	1
CHIEF OPERATING OFFICER ⁹	2
CONSULTANTS	1 (except as determined by the CEO) ¹⁰

Disclosure Categories:

Category 1: A Fiduciary in this category must report all investments and business positions related to the health care industry, which shall include but not be limited to medical equipment suppliers, pharmaceutical companies, insurance companies, and any other entities related to the health care industry. A Fiduciary in this category must also report all interests in real property located in the area served by the District, and sources of income in the manner set forth under Section VII of the Code.

⁷ The President of the Board of Directors acts as the District's Chief Executive Officer.

⁸ The Treasurer of the Board of Directors acts as the District's Chief Financial Officer.

⁹ The District does not presently employ a Chief Operating Officer.

¹⁰ All consultants who participate in the making of decisions which may have a foreseeable material effect on economic interests shall disclose pursuant to Category 1, subject to this limitation: The CEO may determine in writing that a particular consultant, although a "designated employee," is hired to perform a range of duties that are limited in scope and thus not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's duties, and based upon that description, a statement of the extent of disclosure requirements. The determination of the CEO is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. Outside legal counsel engaged to represent the District shall not be deemed to be "consultants" for purposes of the District's Conflict of Interest Code, as all attorneys admitted to practice in the State of California are bound by the conflict of interest provisions contained in the Rules of Professional Conduct promulgated by the State Bar of California.

Category 2: A Fiduciary in this category must report investments and business positions in business entities, and income from sources that are of the type which within the previous two years has provided services, equipment, leased space, materials, or supplies to the District, in the manner set forth under Section VII of the Code.

LAFCO MEETING: June 5, 2013
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, LAFCO Analyst
SUBJECT: LEGISLATIVE REPORT

CURRENT BILLS OF PARTICULAR INTEREST TO LAFCO OF SANTA CLARA COUNTY

This report includes a brief summary of the current bills that are of most interest to LAFCO of Santa Clara County. Detailed information and complete bill language is available at www.leginfo.ca.gov.

**AB 743 (LOGUE)
ANNEXATION OF UNINCORPORATED ISLANDS**

Recommended Action

Support AB 743 and authorize staff to send a letter of support, as necessary.

Discussion

This bill amends §56375.3 to remove the sunset date of January 1, 2014 and make permanent, the provisions that allow a LAFCO to waive protest hearings for unincorporated island annexations that meet certain criteria. Additionally, the bill would make islands created prior to January 1, 2014 eligible for the streamlined annexation process.

Status: Scheduled to be heard in the Senate Governance and Finance Committee on June 5.

**AB 1427 (ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT)
CORTESE-KNOX-HERTZBERG OMNIBUS BILL**

Recommended Action

Support AB 1427 and authorize staff to send a letter of support, as necessary.

Discussion

AB 1427 is the CALAFCO sponsored annual CKH Act Omnibus bill. The bill makes several minor technical changes, clarifications, and corrections to the following sections of the Act:

- §56044 – Clarifies the definition of independent special district
- §56332 – Clarifies the appointments of the Independent Special District Selection Committee so that the nominated and elected commissioners are to be members of the legislative body of an independent special district
- §56757 – Clarifies that the provision regarding city conducted annexations in Santa Clara County that applies to reorganizations involving city annexations also applies to city annexations
- §56048 – Clarifies definition of landowner
- §57026 – Removes an annexation process that is only applicable to a city with over 100,000 residents in Los Angeles County
- Other non-substantive technical and conforming changes to §56866, §56870 and §57118

Status: Passed the Assembly and is now in Senate awaiting committee assignment.

AB 678 (GORDON and DICKINSON)

HEALTH CARE DISTRICTS: COMMUNITY HEALTH NEEDS ASSESSMENT

Recommended Action

Support AB 678 and authorize staff to send a letter of support, as necessary.

Discussion

This bill requires a health care district that leases or transfers its assets to a corporation (such as the El Camino Healthcare District) to conduct an assessment of the community's health needs every 5 years and provide opportunities for public input. Starting in 2019, the bill would require annual reports to address progress made in meeting the community's health needs in the context of the assessment.

The bill would also require that LAFCO's municipal service reviews include a written statement of determinations to address such a community health needs assessment.

Status: Passed Assembly, now in Senate awaiting committee assignment

AB 453 (MULLIN)

SUSTAINABLE COMMUNITIES

Recommended Action

Support AB 453 and authorize staff to send a letter of support, as necessary.

Discussion

This bill adds LAFCOs to the list of eligible applicants for financial assistance grants and loans made by the Strategic Growth Council (SGC) for the purpose of developing, adopting, and implementing a regional plan or other planning instrument to support the planning and development of sustainable communities.

Status: Passed out of Assembly Appropriations suspense file and is now on the Assembly floor.

LAFCO MEETING: June 5, 2013
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: EXECUTIVE OFFICER'S REPORT

10.1 SPECIAL DISTRICTS SERVICE REVIEW: PHASE 2 UNDERWAY

For Information Only

The second phase of the Special Districts Service Review includes a review of 7 districts that provide sanitary sewer or waste water collection service and a review of 2 open space districts. LAFCO's consultant, Policy Consulting Associates (PCA) continues to work on Phase 2 of the Special Districts Service Review. In late April, PCA, with LAFCO staff in attendance, interviewed eight of the nine special districts that are part of the second phase in order to collect additional information. We have been unable to interview the Lake Canyon Community Services District since we have not received a response despite multiple attempts to contact the District by US mail, email (multiple addresses), and phone (two different phone numbers). The District provides wastewater services to a small unincorporated area known as "Lake Canyon" which is located just west of Lexington Reservoir along Beardsley Road and Laurel Drive.

Next, the consultant will develop draft profiles of the affected agencies which will be provided to each agency for internal review and comment in order to ensure factual accuracy. These profiles will then be used to conduct the required analysis and develop recommendations, as appropriate.

10.2 REPORT ON THE 2013 CALAFCO STAFF WORKSHOP

For Information Only

LAFCO staff attended this year's CALAFCO Staff Workshop which was held in Davis, California from April 10th through the 12th.

The first day of the Workshop included a mobile workshop on innovations in food sciences and agriculture consisting of presentations at UC Davis' Institute for Wine and Food Science, Monsanto's Vegetable Seed Division in Woodland, and the Center for

Land Based Learning's farm business incubator in Winters; a general session by Michael Coleman (Fiscal Policy Advisor to the League of California Cities) entitled "Retooling for the Future – How Today's Fiscal Climate is Shaping Tomorrow;" and staff roundtable discussions.

Thursday's program included many interesting and timely sessions, including panel discussions on Developing and Maintaining a Clerk's Manual; LAFCO 201; GIS Mapping; Making Sense of CEQA; Ethics, Ethics Laws and FPPC; LAFCO Legal Practices: Developing Forms, Contracts and Agreements; Mutual Water Companies: Dealing with the Implementation of AB54; New Age Tech Tools; State Board of Equalization; LAFCO Case Law and JPAs; Public Relations and Interagency Cooperation: Methods for Successful Communication; and Rosenberg's Rules of Order.

Friday morning's program included a session on Leadership Practices in Local Agencies, a Workshop Wrap-up Consolidated Roundtable, and a Legislative and CALAFCO Update. Please see the attached letter (Attachment A) from CALAFCO thanking LAFCO for allowing staff the opportunity to attend the 2013 CALAFCO Staff Workshop.

10.3 NOMINATIONS TO THE CALAFCO BOARD OF DIRECTORS

Recommendation

Consider information and provide direction to staff.

Discussion

Nominations for the 2014 CALAFCO Board of Directors are now open (see Attachment B). LAFCO of Santa Clara County is part of the Coastal Region. Within the Coastal Region, nominations are being accepted for "City Member" and "Public Member." The deadline for LAFCO to submit nominations is Monday, July 29th. Serving on the CALAFCO Board is a unique opportunity to work with other LAFCO commissioners throughout the state on legislative, fiscal and operational issues that affect LAFCOs, counties, cities, and special districts. The Board meets four times each year at various sites around the state. The time commitment is small and the rewards are great. Any LAFCO Commissioner or alternate commissioner is eligible to run for a CALAFCO Board seat.

10.4 DESIGNATE VOTING DELEGATE AND ALTERNATE FOR SANTA CLARA LAFCO

Recommendation

Appoint voting delegate and alternate voting delegate.

Discussion

Elections for the 2014 CALAFCO Board of Directors will occur on August 29, 2013 at CALAFCO's Annual Conference in Lake Tahoe. Each LAFCO must designate a voting delegate and alternate who is authorized to vote on behalf of their LAFCO.

10.5 SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA) BOARD ELECTION

Recommendation

Commission may consider information and vote for up to 4 candidates to the SDRMA Board.

Discussion

LAFCO purchases insurance from SDRMA and as a result is a member of SDRMA. As a member agency, LAFCO is invited to select (by adopting a resolution) four candidates to serve on the SDRMA Board of Directors. Attachment C contains candidate statements and the draft resolution.

ATTACHMENTS

- Attachment A: Letter from Pamela Miller, CALAFCO Executive Director, dated April 30, 2013.
- Attachment B: Memo from CALAFCO re: Nominations for 2014 CALAFCO Board of Directors dated April 30, 2013.
- Attachment C: SDRMA Election Resolution/Ballot and Candidate Statements

CALIFORNIA
ASSOCIATION OF
LOCAL AGENCY
FORMATION
COMMISSIONS

ITEM # 10
Attachment A



2013

Board of Directors

Chair

THEODORE NOVELLI
Amador LAFCo

Vice Chair

MARY JANE GRIEGO
Yuba LAFCo

Secretary

JOHN LEOPOLD
Santa Cruz LAFCo

Treasurer

STEPHEN TOMANELLI
Riverside LAFCo

JULIE ALLEN
Tulare LAFCo

MATTHEW BEEKMAN
Sanislaus LAFCo

ROBERT BERGMAN
Nevada LAFCo

LOUIS CUNNINGHAM
Ventura LAFCo

LARRY R. DUNCAN
Butte LAFCo

JERRY GLADBACH
Los Angeles LAFCo

JULIANA INMAN
Napa LAFCo

GAY JONES
Sacramento LAFCo

MICHAEL KELLEY
Imperial LAFCo

MICHAEL R. MCGILL
Contra Costa LAFCo

EUGENE MONTANEZ
Riverside LAFCo

JOSH SUSMAN
Nevada LAFCo

Staff

PAMELA MILLER
Executive Director

LOU ANN TEXEIRA
Executive Officer

CLARK ALSOP
Legal Counsel

MARJORIE BLOM
Deputy Executive Officer

STEPHEN LUCAS
Deputy Executive Officer

SAMUEL MARTINEZ
Deputy Executive Officer

JENI TICKLER
Executive Assistant

30 April, 2013

Santa Clara LAFCo
70 W. Hedding St., 11th Floor
San Jose, CA 95110

Dear Santa Clara LAFCo Commission:

On behalf of the California Association of Local Agency Formation Commissions (CALAFCO), I would like to thank your commission for allowing your staff the opportunity to attend the CALAFCO 2013 annual staff workshop.

We know how lean budgets and resources are, and understand that prioritizing expenditures can be difficult. Ensuring your staff has access to ongoing professional development and specialized educational opportunities, allows them the opportunity to better serve your commission and fulfill the mission of LAFCo. The sharing of information and resources among the LAFCo staff statewide serves to strengthen their network and creates opportunities for rich and value-added learning that is applied within each LAFCo.

Thank you again for your staff's participation in the CALAFCO 2013 staff workshop. We truly appreciate your membership and value your involvement in CALAFCO.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Pamela Miller".

Pamela Miller
Executive Director

1215 K Street, Suite 1650
Sacramento, CA 95814

Voice 916-442-6536
Fax 916-442-6535

30 April 2013

CALAFCO



2013
Board of Directors

Chair

THEODORE NOVELLI
Amador LAFCo

Vice Chair

MARY JANE GRIEGO
Yuba LAFCo

Secretary

JOHN LEOPOLD
Santa Cruz LAFCo

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Deputy Executive Officer

SAMUEL MARTINEZ
Deputy Executive Officer

JENI TICKLER
Executive Assistant

To: Local Agency Formation Commission
Members and Alternate Members

From: Jerry Gladbach, Chair
Board Recruitment Committee
CALAFCO Board of Directors

RE: Nominations for 2014 CALAFCO Board of Directors

Nominations are now open for the fall elections of the Board of Directors. Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal and operational issues that affect us all. The Board meets four times each year at alternate sites around the state. Any LAFCo commissioner or alternate commissioner is eligible to run for a Board seat.

The following offices on the CALAFCO Board of Directors are open for nominations.

<u>Northern Region</u>	<u>Central Region</u>	<u>Coastal Region</u>	<u>Southern Region</u>
County Member	City Member	City Member	County Member
District Member	Public Member	Public Member	District Member

The election will be conducted during regional caucuses at the CALAFCO annual conference prior to the Annual Membership Meeting on Thursday, August 29th, 2013 at the Resort at Squaw Creek in North Lake Tahoe, CA.

Please inform your Commission that the CALAFCO Recruitment Committee is accepting nominations for the above-cited offices until Monday, July 29th, 2013. Incumbents are eligible to run for another term. Nominations received by July 29th will be included in the Recruitment Committee's Report, copies of which will be available at the Annual Conference. Nominations received after this date will be returned; however, nominations will be permitted from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCos who cannot send a representative to the Annual Meeting an electronic ballot will be made available if requested in advance.

Should your Commission nominate a candidate, the Chair of your Commission must complete the attached Nomination Form and the Candidate's Resume Form, or provide the specified information in another format other than a resume. Commissions may also include a letter of recommendation or resolution in support of their nominee. **The nomination forms and materials must be received by the CALAFCO Executive Director no later than Monday, July 29th, 2013.**

Please forward nominations to:

CALAFCO Recruitment Committee c/o Executive Director
California Association of Local Agency Formation Commissions
1215 K Street, Suite 1650
Sacramento, California 95814
FAX: 916-442-6535

Electronic filing of nomination forms and materials is encouraged to facilitate the recruitment process. Please send e-mails with forms and materials to info@calafco.org. Alternatively, nomination forms and materials can be mailed or faxed to the above address.

Attached please find a copy of the CALAFCO Board of Directors Nomination and Election Procedures. Members of the 2014 CALAFCO Recruitment Committee are:

Chair - Jerry Gladbach, Los Angeles LAFCo (Southern Region)
jgladbach@calafco.org 626-204-6500

Robert Bergman, Nevada LAFCo (Northern Region)
rbergman@calafco.org 530-265-7180

Gay Jones, Sacramento LAFCo (Central Region)
gjones@calafco.org 916-874-6458

Mike McGill, Contra Costa LAFCo (Coastal Region)
mmcgill@calafco.org 925-335-1094

Elliot Mulberg, Associate Member and former CALAFCO Board Member
Mulberg@gmail.com 916-217-8393

Former CALAFCO Board Member and Associate Member Elliot Mulberg has agreed to once again assist CALAFCO with the election process. We appreciate and value his expertise. Questions about the election process can be directed to him at elliott@mulberg.com or 916-217-8393.

Please consider joining us!

Enclosures

Board of Directors Nomination and Election Procedures and Forms

The procedures for nominations and election of the CALAFCO Board of Directors [Board] are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in the CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

1. APPOINTMENT OF A RECRUITMENT COMMITTEE

- a. Following the Annual Membership Meeting the Board shall appoint a Committee of four members of the Board. The Recruitment Committee shall consist of one member from each region whose term is not ending.
- b. The Board shall appoint one of the members of the Recruitment Committee to serve as Chairman. The CALAFCO Executive Officer shall appoint a CALAFCO staff member to serve as staff for the Recruitment Committee in cooperation with the CALAFCO Executive Director.
- c. Each region shall designate a regional representative to serve as staff liaison to the Recruitment Committee.
- d. Goals of the Committee are to encourage and solicit candidates by region who represent member LAFCoS across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.

2. ANNOUNCEMENT TO ALL MEMBER LAFCoS

- a. No later than three months prior to the Annual Membership Meeting, the Recruitment Committee Chair shall send an announcement to each LAFCo for distribution to each commissioner and alternate. The announcement shall include the following:
 - i. A statement clearly indicating which offices are subject to the election.
 - ii. A regional map including LAFCoS listed by region.
 - iii. The dates by which all nominations must be received by the Recruitment Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCo marked "Received too late for Nominations Committee action."
 - iv. The names of the Recruitment Committee members with the Committee Chair's LAFCo address and phone number, and the names and contact information for each of the regional representatives.
 - v. The address to send the nominations forms.
 - vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.
- b. No later than four months before the annual membership meeting, the Recruitment Committee Chair shall send an announcement to the Executive Director for distribution to each member LAFCo and for publication in the newsletter and on the website. The announcement shall include the following:

Key Timeframes for Nominations Process	
<u>Days*</u>	
90	Nomination announcement
30	Nomination deadline
14	Committee report released
<small>*Days prior to annual membership meeting</small>	

- i. A statement clearly indicating which offices are subject to the election.
 - ii. The specific date by which all nominations must be received by the Recruitment Committee. Nominations received after the closing dates shall be returned to the proposing LAFCo marked "Received too late for Recruitment Committee action."
 - iii. The names of the Recruitment Committee members with the Committee Chair's LAFCo address and phone number, and the names and contact information for each of the regional representatives.
 - iv. Requirement that nominated individual must be a commissioner or alternate commissioner from a member in good standing within the region.
- c. A copy of these procedures shall be posted on the web site.

3. THE RECRUITMENT COMMITTEE

- a. The Recruitment Committee and the regional representatives have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Recruitment Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.
- b. At the close of the nominations the Recruitment Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated seats. Caucus elections must be held prior to the annual membership meeting at the conference. The Executive Director or assigned staff along with a member of the Recruitment committee shall tally ballots at each caucus and provide the Recruitment Committee the names of the elected Board members and any open seats. In the event of a tie, the staff and Recruitment Committee member shall immediately conduct a run-off ballot of the tied candidates.
- c. Make available sufficient copies of the Committee Report for each Voting Member by the beginning of the Annual Conference.
- d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).
- e. Advise the Annual Conference Planning Committee to provide "CANDIDATE" ribbons to all candidates attending the Annual Conference.
- f. Post the candidate statements/resumes organized by region on a bulletin board near the registration desk.
- g. Regional elections shall be conducted as described in Section 4 below. The representative from the Recruitment Committee shall serve as the Presiding Officer for the purpose of the caucus election.
- h. Following the regional elections, in the event that there are open seats for any offices subject to the election, the Recruitment Committee Chair shall notify the Chair of the Board of Directors that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.

4. ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING

Limited to the elections of the Board of Directors

- a. Any LAFCo in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.
- b. LAFCos requesting an electronic ballot shall do so in writing no later than 30 days prior to the annual meeting.
- c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the annual meeting.
- d. LAFCo must return the ballot electronically to the executive director no later than three days prior to the annual meeting.
- e. LAFCos voting under this provision may discard their electronic ballot if a representative is able to attend the annual meeting.
- f. LAFCos voting under this provision may only vote for the candidates nominated by the Recruitment Committee.

5. AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING

- a. The Recruitment Committee Chairman, another member of the Recruitment Committee, or the Chair's designee (hereafter called the Presiding Officer) shall:
 - i. Review the election procedure with the membership.
 - ii. Present the Recruitment Committee Report (previously distributed).
 - iii. Call for nominations from the floor by category for those seats subject to this election:
 1. For city member.
 2. For county member.
 3. For public member.
 4. For special district member.
- b. To make a nomination from the floor, a LAFCo, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.
- c. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.
- d. The Presiding Officer shall conduct a "Candidates Forum". Each candidate shall be given time to make a brief statement for their candidacy.
- e. The Presiding Officer shall then conduct the election:
 - i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:
 1. Name the nominees and offices for which they are nominated.
 2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.
 - ii. For categories where there are more candidates than vacancies, the Presiding Officer

shall:

1. Poll the LAFCoS in good standing by written ballot.
2. Each LAFCo in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.
3. With assistance from CALAFCO staff, tally the votes cast and announce the results.

iii. Election to the Board shall occur as follows:

1. The nominee receiving the majority of votes cast is elected.
2. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election.
3. In case of tie votes:
 - a. A second run-off election shall be held with the same two nominees.
 - b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.
4. In the case of two vacancies, any candidate receiving a majority of votes cast is elected.
 - a. In the case of no majority for either vacancy, the three nominees receiving the three highest number of votes cast shall face each other in a run-off election.
 - b. In the case of no majority for one vacancy, the two nominees receiving the second and third highest number of votes cast shall face each other in a run-off election.
 - c. In the event of a tie, a second run-off election shall be held with the tied nominees. If there remains a tie after the second run-off election the winner shall be determined by a draw of lots.

6. ADDITIONAL PROCEDURES

- a. For categories where there are more candidates than vacancies, names will be listed in the order nominated.
- b. The Recruitment Committee Chair shall announce and introduce all Board Members elected at the Regional Caucuses at the annual business meeting.
- c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFCo may be nominated for at-large seats.
- d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.
- e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new board members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.

7. LOSS OF ELECTION IN HOME LAFCO

Board Members and candidates who lose elections in their home office shall notify the Executive

Director within 15 days of the certification of the election.

8. FILLING BOARD VACANCIES

Vacancies on the Board of Directors may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.

These policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007, 8 February 2008, 13 February 2009, 12 February 2010, 18 February 2011, and 29 April 2011. They supersede all previous versions of the policies.

CALAFCO Regions



The counties in each of the four regions consist of the following:

Northern Region

Butte
Colusa
Del Norte
Glenn
Humboldt
Lake
Lassen
Mendocino
Modoc
Nevada
Plumas
Shasta
Sierra
Siskiyou
Sutter
Tehama
Trinity
Yuba

CONTACT: Steve Lucas, Butte LAFCo
slucas@buttecounty.net

Southern Region

Orange
Los Angeles
Imperial
Riverside
San Bernardino
San Diego

CONTACT: Sam Martinez,
San Bernardino LAFCo
smartinez@lafco.sbcounty.gov

Coastal Region

Alameda
Contra Costa
Marin
Monterey
Napa
San Benito
San Francisco
San Luis Obispo
San Mateo
Santa Barbara
Santa Clara
Santa Cruz
Solano
Sonoma
Ventura

CONTACT: Lou Ann Texeira, Contra Costa
LAFCo
ltexe@lafco.cccounty.us

Central Region

Alpine
Amador
Calaveras
El Dorado
Fresno
Inyo
Kern
Kings
Madera
Mariposa
Merced
Mono
Placer
Sacramento
San Joaquin
Stanislaus
Tulare
Tuolumne
Yolo

CONTACT: Marjorie Blom, Stanislaus LAFCo
blomm@stancounty.com

Board of Directors 2013 Nominations Form

Nomination to the CALAFCO Board of Directors

In accordance with the Nominations and Election Procedures of CALAFCO,

_____ LAFCo of the _____ Region

Nominates _____

for the (check one) City County Special District Public

Position on the CALAFCO Board of Directors to be filled by election at the next Annual
Membership Meeting of the Association.

LAFCo Chair

Date

NOTICE OF DEADLINE

Nominations must be received by **July 29, 2013**
to be considered by the Recruitment Committee.
Send completed nominations to:
CALAFCO Recruitment Committee
CALAFCO
1215 K Street, Suite 1650
Sacramento, CA 95814

Board of Directors Candidate Resume Form

Nominated By: _____ LAFCo Date: _____

Region (please check one): Northern Coastal Central Southern

Category (please check one): City County Special District Public

Candidate Name _____

Address _____

Phone Office _____ Mobile _____

e-mail _____ @ _____

Personal and Professional Background:

LAFCo Experience:

CALAFCO or State-level Experience:

Availability:

Other Related Activities and Comments:

NOTICE OF DEADLINE

Nominations must be received by **July 29, 2013** to be considered by the Recruitment Committee. Send completed nominations to:
CALAFCO Recruitment Committee
CALAFCO
1215 K Street, Suite 1650
Sacramento, CA 95814

SDRMA'S BOARD OF DIRECTORS ELECTION BALLOT INSTRUCTIONS

Notification of nominations for four (4) seats on the Special District Risk Management Authority's (SDRMA's) Board of Directors was mailed to the membership in January 2013.

On May 7, 2013, SDRMA's Election Committee reviewed the nomination documents submitted by the candidates in accordance with SDRMA's Policy No. 2012-05 Establishing Guidelines for Director Elections. The Election Committee confirmed that seven (7) candidates met the qualification requirements and those names are included on the Official Election Resolution and Ballot.

Enclosed is the Official Election Resolution and Ballot along with a Statement of Qualifications as submitted by each candidate. Election instructions are as follows:

1. The enclosed combined Official Election Resolution and Ballot must be used to ensure the integrity of the balloting process.
2. After selecting up to four (4) candidates, your agency's governing body must approve the enclosed Official Election Resolution and Ballot. **Ballots containing more than four (4) candidate selections will be considered invalid and not counted.**
3. The signed Official Election Resolution and Ballot **MUST** be sealed and received **by mail or hand delivery at SDRMA's office on or before 5:00 p.m. on Tuesday, August 27, 2013 to the address below.** Faxes or electronic transmissions are NOT acceptable. A self-addressed, stamped envelope is enclosed.

Special District Risk Management Authority
Election Committee
1112 "I" Street, Suite 300
Sacramento, California 95814

5. The four-year terms for newly elected Directors will begin on January 1, 2014 and terminate on December 31, 2017.
6. Important balloting and election dates are:

August 27, 2013 - Deadline for members to return the signed Official Election Resolution and Ballot

August 29, 2013 - Ballots are opened and counted

August 30, 2013 - Election results are announced and candidates notified

September 18, 2013 - Newly elected Directors are introduced at the SDRMA Annual Breakfast to be held in Monterey at the CSDA Annual Conference

October 29-30, 2013 - Newly elected Directors are invited to attend SDRMA Board meeting (Sacramento)

January 2014 - Newly elected Directors are seated and Board officer elections are held

Please do not hesitate to call SDRMA's Chief Financial Officer Paul Frydendal at 800.537.7790 if you have any questions regarding the election and balloting process.

RESOLUTION NO. _____

**A RESOLUTION OF THE GOVERNING BODY OF THE
Santa Clara County Local Agency Formation Commission
FOR THE ELECTION OF DIRECTORS TO THE SPECIAL DISTRICT
RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS**

WHEREAS, Special District Risk Management Authority (SDRMA) is a Joint Powers Authority formed under California Government Code Section 6500 et seq., for the purpose of providing risk management and risk financing for California special districts and other local government agencies; and

WHEREAS, SDRMA's Sixth Amended and Restated Joint Powers Agreement specifies SDRMA shall be governed by a seven member Board of Directors nominated and elected from the members who have executed the current operative agreement and are participating in a joint protection program; and

WHEREAS, SDRMA's Sixth Amended and Restated Joint Powers Agreement Article 7 - Board of Directors specifies that the procedures for director elections shall be established by SDRMA's Board of Directors; and

WHEREAS, SDRMA's Board of Directors approved Policy No. 2012-05 Establishing Guidelines for Director Elections specifies director qualifications, terms of office and election requirements; and

WHEREAS, Policy No. 2012-05 specifies that member agencies desiring to participate in the balloting and election of candidates to serve on SDRMA's Board of Directors must be made by resolution adopted by the member agency's governing body.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the Santa Clara County Local Agency Formation Commission selects the following candidates to serve as Directors on the SDRMA Board of Directors:

(continued)



OFFICIAL 2013 ELECTION BALLOT
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
BOARD OF DIRECTORS

VOTE FOR ONLY FOUR (4) CANDIDATES

Mark each selection directly onto the ballot, voting for no more than four (4) candidates. Each candidate may receive only one (1) vote per ballot. A ballot received with more than four (4) candidates selected will be considered invalid and not counted. All ballots must be sealed and received by mail or hand delivery in the enclosed self-addressed, stamped envelope at SDRMA on or before 5:00 p.m., Tuesday, August 27, 2013. Faxes or electronic transmissions are NOT acceptable.

- MURIL CLIFT (INCUMBENT) Director, Cambria Community Services District
MIKE SCHEAFER Director/Vice President, Costa Mesa Sanitary District
JOHN WOOLLEY Director/Finance Officer, Manila Community Services District
TIM UNRUH District Manager, Kern County Cemetery District No. 1
JEAN BRACY (INCUMBENT) Director of Administrative Services, Mojave Desert Air Quality Management District
DENNIS MAYO Director/President, McKinleyville Community Services District
DAVID ARANDA (INCUMBENT) General Manager, North of the River Municipal Water District

ADOPTED this ____ day of _____, 2013 by the Santa Clara County Local Agency Formation Commission by the following roll call votes listed by name:

AYES: _____
NOES: _____
ABSTAIN: _____
ABSENT: _____

ATTEST: _____

APPROVED: _____

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate	Muril N. Clift
District/Agency	Cambria Community Services District
Work Address	PO Box 65 – 1316 Tamsen St., Cambria 93428
Work Phone	805- 927-6223
	Home Phone 805- 927-7124

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

It has been an honor and privilege to serve on SDRMA's Board of Directors for the past four years. During that time the Board, through prudent financial management has:

- Held rates stable in a serve recession.
- Instituted longevity bonuses for member loyalty
- Established programs to assist handling and preventing workers compensation claims through the Company Nurse Program and Safety Equipment Reimbursement Program
- Expanded training and professional development opportunities through financing the Targeted Solutions Program and Special Districts Leadership Foundation

I want to continue on the Board to support these programs and seek additional service opportunities to members while providing exceptional value in insurance access.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

My background includes a combination of a strong commitment to the concept of the Special District form of government and a 41 year career in the private personal and commercial insurance industry.

In addition to serving the past four years on the SDRMA Board, I currently serve as:

- Director, Cambria Community Services District
- Director, Special Districts Leadership Foundation
- Commissioner, San Luis Obispo County LAFCO
- Member, Special Districts Legislative Committee

I am totally committed to the Special District as the most direct form of local government.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

Having served on the Boards of several different types of Special Districts – School District, Airport District, Multi Services District and Single Service Agency – gives me an understanding of the different problems faced by districts and the opportunities for SDRMA to provide assistance.

My 41 year career, now retired, in the private personal and commercial insurance industry provides an understanding of the liabilities Districts face and how SDRMA can meet our member's risk management and insurance needs.

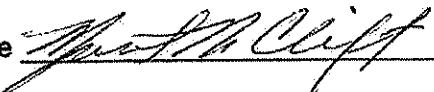
What is your overall vision for SDRMA? (Response Required)

My vision for SDRMA is incorporated in SDRMA's Mission Statement of "providing renewable, efficiently priced risk management services through a financially sound pool to CSDA member districts".

First, I see SDRMA's primary responsibility is to provide as much stability to risk financing as possible maintaining financial security of the risk pool.

Second, I see SDRMA expanding the risk management services through expanded training and professional development provided to its members.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature  Date 4/15/2013

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Mike Scheafer

District/Agency Costa Mesa Sanitary District

Work Address 1551-B Baker St., Costa Mesa, CA 92626

Work Phone 714 435-0300

Home Phone 714 549-4961

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

As an insurance professional for over 40 years I have become acutely aware of the need for strong risk management practices and procedures. I work hard to not only manage my own risk, but those of my customers and my Special District. I have a desire to share my skill and expertise with the various Districts in California.

I believe the increasing stress and challenges in risk management for Special Districts need a knowledgeable, committed professional like myself.

My professional life has given me an opportunity to serve various "communities" in a number of ways. Serving on the SDRMA Board is another opportunity to serve, one in which I would be honored to do.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have served as a Board Member for a number of non-profit and civic groups and agencies. In almost every experience I have been chosen as Chair or President for those groups. I believe this is a demonstration of my leadership skills. I have received a number of awards for that service.

I founded 2 non-profit organizations dedicated to serving my community. I currently serve on 2 CSDA committees. I am a former City Councilmember for the City of Costa Mesa, former Parks and Recreation Commissioner, and previously served as a CMSD Director.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

I am a recognized leader and educator in the insurance industry with several awards for my experience in insurance awareness and risk avoidance. I hold a Community College teaching credential in Insurance Education.

State Farm Insurance appointed me at the Legislative Advisor to Assemblywoman Marilyn Brewer. I continue to work as an insurance advisor for State and Federal organizations in legislative affairs and issues.

As a past international officer for Lions Clubs International, I am often consulted on insurance or risk management issues for local Lions Clubs.

I continue to be the "go to guy" for risk management advice for various local and state groups.

What is your overall vision for SDRMA? (Response Required)

Special Districts are faced with many challenges in today's environment, risk management being one of them. There is a definite need for comprehensive plans for reducing risks, which ultimately provided cost benefits to the Districts. My vision for SDRMA is to advise and help implement the types of plans that allow Districts success. At the same time SDRMA needs to provide comprehensive, low cost coverages to protect Districts from the unforeseen circumstances that will happen. SDRMA continues to provide those benefits. I would look forward to being a part of the process of protection for Special Districts.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature _____



Date _____

4/15/13

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate John Woolley
District/Agency Manila Community Services District
Work Address 147 Melvin Lane Arcata, CA 95521
Work Phone 707.498.1371 Home Phone 707.443.6889

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

I was fortunate to be part of the beginnings of SDRMA when it was created in the latter part of the 1980's, then under the name Special District Insurance Agency. From there the focus changed, from not just providing basic insurance, but recognized risk management is the essential service and purpose for the existence of the entity, and therefore, so did the name change to SDRMA. From these experiences on the Board of Directors, I personally grew and became an advocate for its abilities and services. Now retired, but still engaged in community volunteer service, I remain attracted to the work of SDRMA and find the possibility to serve on the Board to be an exciting opportunity, and a position I am sure will be personally fulfilling. The SDRMA Management and Board Team have been providing excellent leadership, maintaining the stability and member services necessary for SDRMA to be successful, and it would be an honor to serve with them.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have had over 30 years experience in various public service positions. Besides serving my community service district for 16 years, I was elected to the Humboldt County Board of Supervisors in 1996, serving 3 terms before stepping down to take a position as Field Representative for Assemblymember Wesley Chesbro, retiring in 2012. During my time on the Board of Supervisors, I was active in creating joint powers authorities, providing vital services in waste management, energy conservation, and other fields, where I was able to bring their risk management needs to SDRMA. I am familiar with the communities of our northwest counties, i.e Humboldt, Del Norte, and Trinity from my experiences with both the Board of Supervisors and the State Assembly. Currently, besides serving on the Manila CSD, I am Board member of our local county wide economic development organization, Redwood Region Economic Development Commission, also a SDRMA member; a member of the Humboldt State University President's Advisory Board, and Board President of the North Coast Cooperative.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

From my previous experiences with SDRMA, I have a good understanding of the organization's policies and procedures that provide a systematic ability to offer excellent coverages and risk management services. From my overall experience in public board service, I am knowledgeable of the understanding required to set policy, review and understand budgets, develop and follow appropriate personnel policies, and other legal Board requirements. I have had a good deal of experience in making presentations. I have good knowledge of the legislative process and can assist in guiding efforts to achieve legislative goals beneficial to SDRMA and its members.

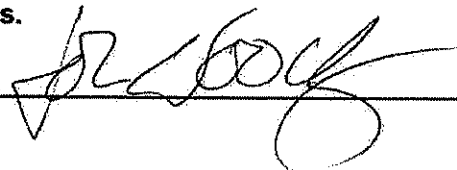
What is your overall vision for SDRMA? (Response Required)

Clearly SDRMA has been successful over the years in providing risk management services, attracting and retaining members, providing stable rates, while practicing in a collaborative ability among the Board and Management Team members. It is important to all of SDRMA that these same successes be part of its future endeavors.

At the same time, SDRMA must be mindful of the changes in the risk management world and create responsive business plans that will continue and enhance upon the existing level of services. To do so, SDRMA Board members must remain in good communication with its members; reflecting their concerns and interests, and representing SDRMA wherever possible in their communities. When the Board is considering changes or new level of services, it must remain diligent to protecting its members assets.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4/23/13

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Timothy W. Unruh
District/Agency Kern County Cemetery District No. 1
Work Address 18662 Santa Fe Way/ P O Box 354, Shafter, CA 93263
Work Phone (661) 746-3921 Home Phone (661) 332-3252

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

This is an opportunity to give back to the members of SDRMA; I am especially interested in keeping a small district influence on the board. It is important to maintain a balanced perspective for the decisions that impact all the members of SDRMA.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have been the District Manager for the Kern County Cemetery District for 26 years. I have had various and extensive Board experience as follows:

Locally:

Kern County Special District Association - worked for LAFCo representation for special districts; Kern County Association of Public Cemeteries; 10 years on local school board and various community boards.

State:

California Special Districts Association-currently on Legislation Committee and 3 years as a Director, one year as Legislation Committee Chair. While on CSDA I met with SDRMA in various joint meetings in an effort to help both organizations in their work together. California Association of Public Cemeteries-on board 10 years, past president and currently as legislation committee chair.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

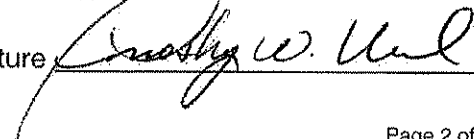
**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

Those that know me, know that I am a people person and will work to make my involvement the best that I can. I have an interest in legislation and currently am on on CSDA Legislation Committee and have been a past chairman of the CSDA Legislation Committee. I have been working on various committees for 30 years and understand that it is important to listen to the needs of the committee and the members.

What is your overall vision for SDRMA? (Response Required)

SDRMA has shown a great concern for the special districts in California in their commitment to meeting their insurance needs. This is done by being involved and listening to members. I wish to expand that basic concept by continuing to create education opportunities and create a tool box that districts can use to reduce claims and keep employees safe.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature 

Date 4-22-2013

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Jean Bracy, SDA
District/Agency Mojave Desert Air Quality Management District
Work Address 14306 Park Ave., Victorville, CA 92392
Work Phone 760-245-1661

Why do you want to serve on the SDRMA Board of Directors?

I have served on the SDRMA Board of Directors for nearly four years. During this term, the Board has adopted many important programs and policies aimed to provide members cost effective coverage and to support every member's effort to develop safe working environments. During my tenure, the Board voted each year to hold rates flat for the property/liability program; established a multiple-policy discount (5%) for each member who belongs to both the property/liability and the workers compensation programs; created the longevity distribution which shares investment earnings with members who continue with SDRMA programs; established the loss prevention allowance funds which reimburses members for safety-related costs up to \$1,000; launched and enhanced the SDRMA interactive website; strengthened support to California Special Districts Association (CSDA) and the Special District Leadership Foundation (SDLF); provided FREE online training through Target Solutions; and contracted with Company Nurse to provide FREE screening services for work-related injury cases.

I have worked closely with SDRMA for 13 years. I am attracted to its member-focused, pro-active, and positive mission. I would like to see – and be a part of – SDRMA continue this member-centric approach.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization)

I am currently serving my second term on the Board of Directors for the Special District Leadership Foundation (SDLF), representing the SDRMA. As a member of this Board I have been part of the renewal and expansion of the SDLF programs, including the premier program, District of Distinction, also the Special District Administrator Certificate, the Recognition of Special District Governance, and the newly created District Transparency Certificate of Excellence.

My career experience with special districts has helped me to understand the issues specific to smaller organizations. I have learned what it really means for an organization to do more with less. I have also learned that political realities for special districts are distinct from other forms of governments. As the Director of Administrative Services for the Mojave Desert Air Quality Management District, I am the staff representative to the Governing Board Committees for Budget and Personnel. I am a member of and have chaired the California Air Pollution Control Officers Association (CAPCOA) statewide committees for Fiscal and Human Resource officers. I organized and have chaired the Alternate Fuel Task Force for the Mojave Desert air basin; I have represented the District in the Antelope Valley Clean Cities Coalition.

My working opportunities have crossed several public service types. I served as the Victorville city representative to the Technical Advisory Committee for the Victor Valley Transit Authority and as the City representative and officer on the Executive Committee of the Regional Economic Development Authority. I volunteered four years on the Board of Directors of the Victor Valley Federal Credit Union. For six years, I worked as an adjunct professor at Victor Valley Community College teaching Public Works Administration.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have?

As professional and as a volunteer, I have a wide range of experiences with organizational structures, long term and vision planning, development of staff and volunteers, and resource and program management. My experience of leading organizational activities and implementing change for growth includes bringing together intergenerational and multicultural groups to achieve common goals.

I am an effective manager with expertise in efficient and productive management implementing process improvements in finance, human resources, risk management, and a wide variety of related administrative and organizational functions. I have led highly skilled teams to support the achievement of overall agency goals and objectives.

I earned a Master's Degree in Public Administration from California State University, San Bernardino

I earned the Special District Administrator Certification from the Special Districts Leadership Foundation

I earned the Recognition of Special District Governance from the Special Districts Leadership Foundation

I earned the Masters Certification in Labor Relations from the California Public Employers Labor Relations Association (CALPELRA)

What is your overall vision for SDRMA?

I want to continue contributing my experience and expertise to SDRMA's overall function to further strengthen and enhance the lines of services provided by SDRMA. I want to be part of the mission to enhance the member's experience through claims management and education that leads to loss prevention.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date February 12, 2013

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate **Dennis Mayo**

District/Agency **McKinleyville Community Services District**

Work Address **1656 Sutter Road, McKinleyville, CA
95519**

Work Phone **(707) 839-3251** Home Phone **(707) 832-9334**

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

SDRMA on a nuts and bolts level is the single most important Board for Special Districts. Serving ones District is a special trust given by the local electorate. Being elected by ones peer's to serve in the betterment of all Special Districts honors those constituents and allows me to be the voice of my District. I am dedicated to public service and feel my work ethics and experience will be a valuable asset to SDRMA, my District and all our Special Districts.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

Currently I am the Board President of McKinleyville Community Services District; Director of Open Beach and Trails; ACWA Region 1 Board Member; JPIA/ACWA Employee Benefit Committee member; Director of membership Moose Lodge No. 208; Legislative analyst for California Commercial Beach Fisherman Association; North Coast Representative for the Blue Ribbon Coalition. Formerly a Humboldt County Planning Commissioner; Vice President McKinleyville Rodeo Association; Lake Earl Grange member; Member of the California State Grange Consumer Committee; Humboldt Bay Harbor District Strategic Plan; Humboldt Bay Municipal Water District Strategic Plan. Member of the Arcata Fire Protection District Fund Coordinator and other Boards and Commissions over the past (40) forty years.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

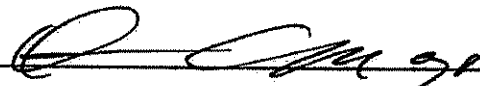
I have a Life and Casualty Insurance experience and worked in the field in my earlier years. I have extensive experience with group dynamic's and the interplay of Workman's Compensation. I have worked on Legislative issues and developed specific language for successful State and Federal Legislation and have negotiated many successful employee contracts. From groups as small as a Rodeo Committee to a twenty million dollar Water District, dotting the "I's" and crossing the "T's" on insurance issues means the difference between success and failure. I have a unique talent working with diverse groups and getting to the heart of an issue.

What is your overall vision for SDRMA? (Response Required)

California is in financial crisis. There are local, regional and national pressures that make stewarding the public trust seem almost a nightmare. SDRMA is planted deeply and perhaps unfairly in the middle of that crucible. It is often said that we must think outside the box for creating solutions. The truth is we must think both outside and inside the box to provide the best service for Special Districts in our Districts and our State. It is my hope to bring a powerful and creative energy to this Board and leave no stone unturned to make SDRMA the best it can be.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

5.2.13

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

Experience and "thinking outside the box".

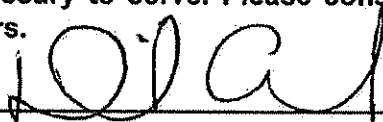
What is your overall vision for SDRMA? (Response Required)

To see the Following:

1. Claims reduced to an unbelievable low number due to education, safety practices, and an overall safety culture promoted by SDRMA and practiced by all Districts.
2. Premium payments reduced by 50% by 2020 due to sound investment and low claims.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4-22-13



ITEM # 13.1

Home » Blogs » Bill Fulton's blog

The Fiscal Case For Smart Growth

By William Fulton on 22 May 2013 - 5:19am

California | budgets | Infill | smart growth

After eight years in elected office in California, I can tell you that I often fell into the same trap as everybody else: chasing revenue. When you're up against the wall on budget problems, any new revenue – especially a boost in property or sales tax revenue – looks like the solution to all your problems.

And it is – at first. How many times have I heard a city councilmember or a city manager say they're just trying to hang on for one more year until the revenue from some new subdivision "comes online." But as I've written before in this space ("The Multari Curve"), the revenue boost is short-term and over time it's eaten up by increased service costs, meaning you always have to approve another subdivision to make up for the deficits on the one you approved in the past.

Yesterday, Smart Growth America – the organization I spend most of my time working for – released a national report called "*Building Better Budgets*," which makes the argument on a national scale that smart growth-style development can actually improve the fiscal situation of local governments by increasing revenue and decreasing cost. (Full disclosure: I was the project manager for this report.)

Building Better Budgets has already gotten a lot of publicity in the blogosphere (see, for example, the APA's blog. And it's mostly a review of research nationally – not a California-specific piece of work. But there are a couple of things worth calling out for California planning practitioners.

The first is the simple fact that infill development properly done, can have a huge positive impact on the bottom line in a city's operating budget. This is the main thing we were shooting for in *Building Better Budgets*. The argument that smart growth and infill development lower the cost of up-front infrastructure was well established. But the report highlighted the argument about operating costs as well.

For example, Smart Growth America scooped up some research from Charlotte, North Carolina, which found that conventional suburbs cost four times as much for the fire department to serve than smart growth neighborhoods – and SGA concluded that a smart growth approach could avoid the need for Charlotte to build two fire stations when the city is built out, saving about \$13 million in capital costs and \$8 million per year in operating costs.

As a former elected official, the bottom line for me is that a smart growth development approach is a way out of the fiscal box. Conventional suburban development always loses money in the end. Traditionally, the only ways around the problem were to keep approving subdivisions (simply pushing the day of reckoning out into the future), charge enormous impact fees (which simply shift the cost rather than reduce it), or raise taxes. Smart growth can lower the cost of development, which is good for everybody – developers, homebuyers, taxpayers – and increase more revenue. It's a game-changer.



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Building Better Budgets quantifies average savings and revenue of smart growth development

Posted on [May 21, 2013](#) by [Smart Growth America](#)

Local governments across the country have compared development strategies to understand their impact on municipal finances.

These studies generally compare two or more different development scenarios, and help local leaders make informed decisions about new development based on the costs or revenues associated with them.

Many municipalities have found that a smart growth approach would improve their financial bottom line. Whether by saving money on upfront infrastructure; reducing the cost of ongoing services like fire, police and ambulance; or by generating greater tax revenues in years to come, community after community has found that smart growth development would benefit their overall financial health. Many of these findings have been made publicly available.

No national survey has examined these savings as a whole until now. This report is the first to aggregate those comparisons and determine a national average of how much other communities can expect to save by using smart growth strategies.

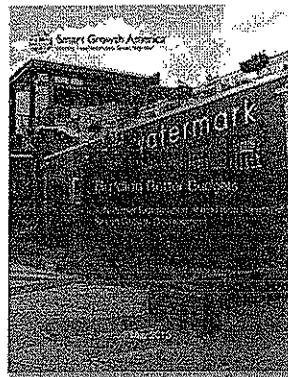
[Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development](#) surveys 17 studies that compare different development scenarios, including a brand-new study of Nashville-Davidson County, TN, commissioned specifically for this report.

The report looks at the costs associated with smart growth development and conventional suburban development, as well as each strategy's revenue potential. When compared to one another, we find:



1. Smart growth development costs one-third less for upfront infrastructure.

Our survey concluded that smart growth development saves an average of 38 percent on upfront costs for new construction of



roads, sewers, water lines and other infrastructure. Many studies have concluded that this number is as high as 50 percent.



2. Smart growth development saves an average of 10 percent on ongoing delivery of services.

Our survey concluded that smart growth development saves municipalities an average of 10 percent on police, ambulance and fire service costs.



3. Smart growth development generates 10 times more tax revenue per acre than conventional suburban development.

Our survey concluded that, on an average per-acre basis, smart growth development produces 10 times more tax revenue than conventional suburban development.

An opportunity for municipal leaders

Local leaders everywhere can use this information to make better fiscal decisions about development in their region.

The evidence presented in this report suggests improved strategies for land use and development can help local governments maintain and improve their fiscal solvency. As this report shows, smart growth development can reduce costs and in many cases increase tax revenue. This combination means that in some cases smart growth development can generate more revenue than it costs to operate.

These findings are true for any rural, suburban or urban community, anywhere in the country. Local governments throughout the United States are already facing unprecedented challenges in providing high-quality infrastructure and adequate public services to their residents on a tight budget. Choosing financially responsible development patterns can help communities across the country protect their fiscal health for generations to come.

Download the report

Click here to download [Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development \(PDF\)](#)

This entry was posted in [SGA Reports](#) and tagged [#BuildBetterBudgets](#), [Building Better Budgets](#), [fiscal responsibility](#). Bookmark the [permalink](#).

News from the Board of Directors

CALAFCO QUARTERLY

ITEM # 13.2

May 2013



2013 Staff Workshop Is A Success

Beautiful downtown Davis was the perfect venue for the staff workshop in April, with a program full of interesting and informative general sessions and an awesome mobile workshop. There were 104 paid attendees with 39 LAFcos and 9 associate member organizations represented, and 6 sponsors. Evaluation results showed a very positive overall rating of 5.3 on a 6.0 scale. Participants mentioned the quality of the session topics and speakers, the location, some formatting changes, and the value of networking opportunities as some of the highlights. Financially the workshop exceeded the goals established by the Board. Our thanks to Yolo LAFco for hosting, Steve Lucas (Butte) as Program Chair, all of the Program Committee, and those who took the time to attend. A full report will be provided to the Board at their July meeting.



2013 Annual Conference Update

The Planning and Host Committees, under the leadership of Josh Susman, SR Jones, Kris Berry, José Henríquez, and Sam Martinez, are busy creating a value-added program and experience for this year's conference, and we look forward to seeing everyone there. This year's theme is "Clarity of Vision: The Golden Age of LAFco", to celebrate LAFco's 50th anniversary. There will be an exciting Mobile Workshop, program full of hot and relevant topics, and a number of invited special guests. Details are located on the CALAFCO website, and registration packets will be made available by June 1.



2013 CALAFCO Board Elections and Awards Nominations Packets Distributed

Packets for the 2013 CALAFCO Board of Directors elections and Achievement Awards were distributed to all LAFcos. Please note the deadlines for submission for these important documents. Both packets are also available in the members section of the CALAFCO website.



CALAFCO U Course June 6th

There is still space in the June 6th session on *Performance Measures and Other MSR Strategies* in San Luis Obispo. Registration information and session details are on the CALAFCO website. Don't delay...register today!



2013 – 2015 Strategic Plan Updates

The Board adopted the CALAFCO 2013-2015 Strategic Plan and amended the 2013 CALAFCO Legislative Policies to align with the Strategic Plan. The emphasis of the plan is continued member services and advocacy of LAFcos role in orderly growth, preservation of agricultural

and open space lands and efficient municipal services, and continued commitment to educational opportunities. Strategy highlights include gaining greater membership participation in hosting, planning, executing and attending conferences and workshops; continue to increase communication among member organizations; increase awareness and effectiveness in local legislative advocacy; continue upgrades to the CALAFCO website; expand associate membership; and increase revenue through creative and value-added sponsorship opportunities.

CALAFCO Board Actions

During their regular meeting on May 3, the Board took a number of other actions and received updates as follows:

- ◆ The quarterly financial reports were reviewed and the budget is on track for the year. All financial reports are located on the website.
- ◆ The Board approved renewal of the contract with Alta Mesa Group and Mr. James Gladfelter for CPA services to CALAFCO.
- ◆ The Board adopted the FY 2013/2014 budget, which is available on the CALAFCO website.
- ◆ GC§56133 – The Board received an update that the subcommittee appointed by Chair Ted Novelli is still working on amended language and will provide a report and recommendation to the Board at their July 12 meeting.

Legislative Activities

The legislature is in full swing as the Assembly and Senate wrap up passing bills out of their respective houses. By now many of the bills CALAFCO has been tracking have dropped off as either dead or a two-year bill. As of this writing, here is an update on CALAFCO bills of importance:

- * **AB 453** (Mullin) CALAFCO Sponsored bill. Would allow LAFcos to apply directly for grants that support the preparation of sustainable community strategies and other planning efforts. Made it out of Assembly Appropriations suspense file and onto the Assembly floor for passage.
- * **AB678** (Gordon) As amended, requires Health Care Districts that do not operate their own hospital facilities to create every 5 years, an assessment of the community health needs and requires LAFcos to include in a MSR the Health Care District's 5-year assessment. Passed Assembly now in Senate awaiting committee assignment.
- * **AB 743** (Logue) Amended to eliminate the January 1, 2014 sunset date on annexation of island areas, and changes the effective island creation date to 01/01/14. Passed Assembly now in Senate scheduled for a June 5 hearing in Senate Gov. & Finance Committee.
- * **AB 1427** (ALGC Omnibus) CALAFCO Sponsored bill. Passed Assembly now in Senate awaiting committee assignment.
- * **SB 56** (Roth) Reinstates revenues through ERAF (backfilled by the state general Fund) for cities incorporating after 2005 and annexations of inhabited territories. Held in SLG&F Committee.

