Notice of Availability and
Request for Comment on Municipal Service Review

April 2, 2007

TO: Sequoia Health Care District
Peninsula Health Care District
County of San Mateo
Affected Agencies
Interested individuals

Subject: Municipal Service Review for Sequoia Health Care District and Peninsula Health Care District

LAFCo is required by State law to complete municipal service and sphere of influence reviews for all cities and special districts in the County. Affected agencies, residents, property owners and interested parties are encouraged to submit comments on the report. San Mateo LAFCo will be considering the attached report and comments at the San Mateo LAFCo meeting on April 18, 2007 which is scheduled to begin 2:30 p.m. in the Board of Supervisor Chambers, 400 County Center, Redwood City. LAFCo is an independent commission consisting of two county supervisors, two city council members, two special district members and a public member. LAFCo has jurisdiction over the cities and special districts in the County.

The attached municipal service review includes information provided by the Health Care Districts and the County of San Mateo as well as information contained in a variety of previous studies and reports. This document is also available at www.sanmateolafco.org along with District financial statements and budget information.

For questions or comments please contact:

Martha Poyatos, Executive Officer
San Mateo LAFCo
455 County Center
Redwood City, CA 94063
650/363-4224 650/363-4849 (FAX)
mpoyatos@co.sanmateo.ca.us

Municipal Service Review
And Sphere of Influence Review
Sequoia & Peninsula Health Care Districts
San Mateo Local Agency Formation Commission (LAFCo)
Circulation Draft
April 2,2007

Introduction:

Section 56425 and 56430 required LAFCo to reviews spheres of influence of all cities and special districts every five years and prior to or in conjunction with the sphere review conduct a municipal service review. This municipal service review of the Sequoia Health Care District and Peninsula Health Care District is being completed as required by California Government Code Section 56430. The report also discusses services provided by Mateo County Medical Center to be inclusive of the public health care providers that serve the County. This report also includes information on non-profit health care services to the extent that they receive funding from agencies under study as well as location of hospitals, public and private in San Mateo County. Private medical providers, including hospitals, private clinics and convalescent hospitals are outside LAFCo jurisdiction and beyond the scope of a municipal service review.

This study includes information on the history of hospital districts and changes in legislation and health care that resulted in a transformation of hospital districts to health care districts. Discussion includes the status of the Districts as they relate to the hospitals originally constructed by the Districts as well as the Districts' current roles in the health care community in San Mateo County. It is important to note that this municipal service review examines the Districts in the context of nine mandated areas of determination identifying constraints and opportunities but the municipal service review is not a proposal for reorganization. Discussion of government structure options identifies governance alternatives including possible advantages and disadvantages of consolidation or reorganization. However, fiscal analysis of implementation of an organizational change is beyond the scope of a municipal service review and would be the topic of a more specific study by an interested agency.

Municipal Service Review Areas of determination:

The purpose of the municipal service review as mandated by Government Code Section 56430 is for the Local Agency Formation Commission (LAFCo) to make determinations in the following nine areas:

(1) Infrastructure needs or deficiencies.
(2) Growth and population projections for the affected area.
(3) Financing constraints and opportunities.
(4) Cost avoidance opportunities.
(5) Opportunities for rate restructuring.
(6) Opportunities for shared facilities.
(7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.
(8) Evaluation of management efficiencies.
(9) Local accountability and governance.

The report includes information provided by the Health Care Districts, San Mateo Medical Center, County of San Mateo Health Services and as well information contained in budgets and financial audits and related studies on hospitals and health care in San Mateo County and California[1]. The purpose of this draft report is to provide an opportunity for comment by affected individuals, groups and agencies. Recommended service review determinations will be prepared following the comment period and will be used by the Commission in reviewing spheres of influence[2] for the Districts.

Local Agency Formation Commission (LAFCo)

Created by the State legislature in 1963, the Local Agency Formation Commission (LAFCo) is a State-mandated, independent commission with countywide jurisdiction over

[1] *Countywide Health Care District Study Margaret Taylor; "California's Health Care Districts", Margaret Taylor, 2006; Grand Jury Reports: San Mateo Co. Indigent Health Care (2005), Peninsula Health Care District (2002), Sequoia Health Care District (2001); Report on New Hospital Construction in Southern San Mateo County, 2004; Children's Health Initiative, Indicators for Sustainable San Mateo County; San Mateo County Indigent Health Care, San Mateo County Controller; County and district budgets and financial reports*

[2] Sphere of influence is defined as a plan for the probable physical boundaries and service area of a local agency, as defined by the Commission (Section 56076).

the boundaries and organization of cities and special districts. The Commission consists of two members of the Board of Supervisors, two members of city councils of the cities in the county, two board members of independent special districts in the county, a public member, and four alternate members (county, city, special district and public). LAFCo adopts its own budget and contracts with the County of San Mateo for staff, facilities and legal counsel. The Executive Officer serves in the administrative capacity, which includes staff review of each proposal, municipal service reviews and sphere of influence studies and assistance to local agencies and the public. LAFCo's net operating budget is apportioned in thirds to the County of San Mateo, the 20 cities and the 24 independent special districts. For additional information on LAFCo please visit www.sanmateolafco.org.

Overview-County of San Mateo

San Mateo County includes 531 square miles, with 74 percent of its land in agricultural use, watershed, open space, wetlands or parks. The County includes 20 incorporated cities and an estimated population of 724,104 of which approximately 64,756 live in the unincorporated area.

As noted in *Indicators for a Sustainable San Mateo County 2006 and based on* Census 2000 Data, San Mateo County is one of the more ethnically diverse communities in the nation: 49.8% of County residents are Caucasian, 21.8% are Hispanic, 21% Asian/Pacific Islander, 3.3% African American and 4.1% other. According to the California Department of Finance projections San Mateo County will grow to 834,500 by the year 2020, a 16.4 percent increase over current population estimates. The County's median age is 36.8 years and the single largest age cohort is 65 and over at 14.5 percent. The median family income is $80,737. The per capita income in San Mateo County is $57,906, one of the highest in California, and the average household income is $129,000, making it one of the highest in the nation. Nevertheless, 12% of county households can afford a median-priced home compared to 48% nationwide, more than one third of County residents earn less than the self-sufficiency

level[3] and low-income families are less likely to have health insurance coverage. The Blue Ribbon Task Force on Adult Health Care Coverage *Report on Demographic Highlights of San Mateo County Uninsured Adult Population* estimated that in 2003, 12% to 13.5% (52,000 to 60,000) of San Mateo County adults aged 19 to 64 were uninsured and that an additional 82,000 adults in San Mateo County reported being uninsured at some point during the previous year. Of the uninsured, it is estimated that 70% have an income below 400% Federal Poverty Level translating to approximately 36,000 to 44,000 uninsured San Mateo County adults.

Background-Health Care Districts in California

Hospital districts in California began forming in the mid 1940's to fund construction and operation of hospitals in both rural and urbanizing areas. Districts were given the authority to levy taxes and issue bonds for this purpose. Over time, health care costs increased and reimbursement from insurance and federal and state sources became more restricted. These changes in both costs and funding combined with advances in medicine and technology that reduced length of hospital stays resulted in health care focus shifting from hospital operation to include outpatient services. Over time, district boards became increasingly concerned about the ability of districts to compete for managed care as well as staffing and either divested of hospitals or formed partnerships with private hospital operators.

[3] The Self-Sufficiency Standard is an assessment of the amount of income it takes to meet basic needs, without public or private assistance. It is based on all major budget items faced by a working family: housing, child care, food, health care, transportation, taxes, etc. and allows for work-related expenses such as transportation, taxes, and when there are young children, childcare. The Self-Sufficiency Standard varies geographically and is calculated on a county-by-county basis. The resulting Standards are basic needs budgets that are minimally adequate. The Blue Ribbon Task Force Report notes that the in San Mateo County this is $66,442, nearly equivalent to 400% Federal Poverty Level.

Key events related to changes in hospital districts include:

- Proposition 13 which resulted in a designated share of property tax revenues for Health Care Districts
- In 1993, the Legislature amended hospital district enabling legislation renaming hospital districts "health care districts" and expanding the definition of health care facilities to reflect changes in medical practice in which health care was taking place more and more as an outpatient service.
- In 1994, the legislature also established seismic safety standards for hospitals requiring compliance by 2013 and in most cases replacement of existing hospitals.

Health Care District Services Permitted by Enabling Legislation

A summary of services authorized by Health & Safety Code Section 32000 et seq. for Health Care Districts follows:

A. Establish, maintain, operate, assist in operation of:

1. Health care facilities as defined in Health & Safety Code 1250 and Gov. Code 15432
2. Clinics as defined in Health & Safety Section 1204
3. Nurses' Training School (Health and Safety Code 32124)
4. Child Care Facility for the benefit of employees of a facility or residents of the District
5. Outpatient programs, services and facilities
6. Retirement program, services & facilities
7. Chemical Dependency programs, services & facilities
8. Other health care programs, services and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district

B. Pursuant to Health and Safety Code 32121(l) the power to acquire, maintain and operate ambulances or ambulance services within and without the district

C. Pursuant to Health and Safety Code 32121(m), the power to establish, maintain and operate or provide assistance in the operation of:

1. Free Clinics
2. Diagnostic and testing centers
3. Health education programs
4. Wellness and prevention programs
5. Rehabilitation, aftercare, and any other health care service provider, groups and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.

D. Pursuant to Health and Safety Code 32121(o), the power to establish, maintain and carry on its activities through corporations, joint ventures, or partnerships for the benefit of the district
E. Pursuant to Health and Safety Code 32126.5(a)(1) the power to enter into contracts with health provider groups, community service groups, independent physicians and surgeons and independent podiatrists, for the provision of health care services
F. Pursuant to Health and Safety Code 32126.5(a)(2) the ability to provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community.
G. Pursuant to Health and Safety Code 32126.5(a)(3), the power to finance experiments with new methods of providing adequate health care.

Health Care Districts and Indigent Care:

Enabling legislation for Health Care District also provides that: *"A district shall not contract to care for indigent county patients at below the cost for care. In setting the rates the board shall, insofar as possible, establish rates as will permit the district health care facilities to be operated upon a self-supporting basis. The board may establish different rates for residents of the district than for persons who do not reside within the district."* [Health and Safety Code Section 32125(b)]

Health Care in San Mateo County:

Health care districts in San Mateo County include Sequoia Health Care District and Peninsula Health Care District. In addition, San Mateo County operates San Mateo Medical Center and eleven clinics. By State mandate the County is responsible for health care for the indigent and meets this mandate through operation of the Medical Center including clinics. San Mateo County Health Services oversees programs that include aging and adult services, correctional health, emergency medical services, environmental health, community health including: Children's Health Initiative; mental health; school, community and mobile clinics; immunization and nutrition services. Non-profit health care clinics include Samaritan House operating clinics in San Mateo and Redwood City and Ravenswood Family Health Center operating a clinic in East Palo Alto.

In addition to public, private and non-profit health care programs, there are a variety of ongoing activities and studies in the area of improving health care in the County. These include:

- Children's Health Initiative, which was established to address a community-wide concern that at least 17,000 San Mateo County children lacked health insurance
- Hospital Consortium of San Mateo County[4], a non-profit with a goal of enabling member hospitals to work together wherever legally possible towards developing a county network designed to improve delivery of health care and general health of county residents
- Blue Ribbon Task Force on Adult Health Care Coverage charged with exploring and making recommendations to the Board of Supervisors on options for providing comprehensive health care access and/or insurance to uninsured adults living at or below the 400% Federal. The Task Force recommendations are schedule to be provided to the Board of Supervisors in July 2007.

[4] Members include Mills-Peninsula health Services, San Mateo Medical Center, Sequoia Health Services and Seton Medical Center

Hospitals in San Mateo County

The boundaries of the two health care districts, San Mateo County's cities and locations of hospital facilities both public and private are illustrated on the attached map. The eight existing hospitals[5] in San Mateo County are shown in the following table:

	Location	Capacity[6]
Seton Medical Ctr.	Daly City	357 Licensed beds, Emergency, outpatient
Kaiser	So. San Francisco	120 Licensed beds, Emergency, Outpatient
Seton Coastside	Moss Beach	121 Licensed beds (116 are skilled nursing year round) emergency[7]
Peninsula Hospital	Burlingame	403 Licensed Beds, Emergency, Outpatient
Mills Hospital	San Mateo MPHS	Same day surgery and overnight recovery care, Non acute emergency
San Mateo Medical Ctr	San Mateo	509 Licensed beds[8], (228 at SMMC) Emergency, Outpatient
Kaiser	Redwood City	213 Licensed beds, Emergency, Outpatient
Sequoia	Redwood City	433 Licensed beds, Emergency, Outpatient

Sequoia Health Care District (SHCD)

Sequoia Health Care District was formed in 1946 to build and operate Sequoia Hospital. The District was formed pursuant to Health & Safety Code Section 32000-32492 with governance by five locally elected board members. Following formation, the hospital was built in 1950 financed by bonds. District boundaries include Atherton, Belmont, Menlo Park, Portola Valley, Woodside, Foster City (portion), Redwood City, San Carlos and unincorporated areas. Because the District was formed prior to passage of Proposition 13

[5] Trauma Services are provided to County residents at Stanford Hospital and San Francisco General Hospital as the County does not have a trauma center.

[6] Source: California Hospital Association. Table excludes proposed changes including Palo Alto Medical Foundation proposed construction in San Carlos (110), and proposed reductions resulting from new construction.

[7] Seton Coastside is the only 24-hour standby Emergency Department on the Pacific Coast from Daly City to Santa Cruz. Emergency room consists of a seven-bed department. Accredited as a not-for profit rural hospital

[8] SMMC licensed beds total includes 94 skilled nursing, 34 acute psychiatry, and 100 acute care

in 1978, the District received a share of the 1% property tax[9] collected within District boundaries as well as fees from Sequoia Hospital and associated outpatient services.

In line with changes in health care in California and health care district enabling legislation noted above, in 1995 the District Board solicited proposals from national healthcare companies to manage or purchase Sequoia Hospital. Upon completion of a bidding process, the Board recommended to the voters of the District that a transfer of assets agreement with Catholic HealthCare West (CHW) be approved. The agreement provided for CHW to pay the District $30 million dollars in return for transferring the hospital to a non-profit public benefit corporation to be known as Sequoia Health Services. The terms of the agreement included CHW's right to manage the hospital for a period of thirty years and the district's right to have 50% of the votes on the hospital governing board, the right to approve changes in key services and the requirement that in the event of a sale, all proceeds must be returned to the District.

In 1996, the District voters approved the transfer of assets to a California non-profit corporation Sequoia Health Services (SHS) with a 96% majority vote and on October 1, 1996, the District transferred all of the Hospital’s assets except two medical office buildings to Sequoia Health Services (SHS) consisting of the District and Catholic Health Care West, and SHS contracted with Catholic Health Care West (CHW) to operate and manage the hospital. District Board members continue to serve on the Sequoia Health Services.

District Programs:

Since the transfer of assets, the District, through membership of Sequoia Health Services has committed to contribute $25,000,000 toward construction of the new Sequoia Hospital and has continued to operate, allocating resources in grants for health care programs to enhance the health of the District’s residents. These include grants to public and non-profit entities for a variety of programs including Children’s Health Initiative ($1.35 million), San Mateo Medical Center ($1.6 million), San Francisco State

[9] Currently approximately $6 million annually

nursing education ($1 million); Samaritan House Community Clinic ($500,000) health, fitness and nutrition programs; homecare workers for the elderly; adult day programs for seniors; wheelchair accessible transit; vocational training for healthcare employment. The District also sponsors the Heartsafe Program ($349,000), which makes Automated External Defibrillators (AEDs) available at a reduced rate to private organizations or will donate equipment to eligible nonprofit organizations. As shown in more detail in the District's budget below, the District appropriated approximately $4.6 million in 2005-06 and $7.6 million 2006-07 in grants for community based programs.

District Staffing:

The District has two full-time positions, which include the Chief Executive Officer and HeartSafe Program Coordinator and one part-time Executive Coordinator. The District contracts for legal counsel, public relations, marketing, information technology, engineering, janitorial and security services.

District Budget:

Sequoia Health Care District revenues and expenditures for Fiscal Years 2005-2006 (projected) and 2006-2007 (adopted) are shown below.

Sequoia Health Care District	2005-2006 Actual	2006-2007 Adopted
Revenue		
Rental Income	1,624,705	1,540,786
Tax Revenue	5,938,741	6,057,516
Investment Income	163,405	2,777,139
Interest Income	221,022	46,210
Pension Income[10]	3,026,000	2,556,000
Total Revenue	**$10,973,873**	**$12,977,651**
Expenses		
Administrative Expenses		
Hospital replacement project	116	10,000
Admin. Expenses	140,981	190,000
Board Health Insurance	43,912	47,864
Employee Health Ins.	6,774	7,383
Employee Retirement Ben.	2,275	3,837

[10] Pension income represents reimbursement from Sequoia Health Services for administration District administration of the Sequoia Health District Employee Pension Plan which was in place prior to transfer of the hospital. Plan administration is also shown as an expense with no bottom line impact to the District's finances (Sequoia Health Care District Financial Statements June 30, 2006, page 8).

Investment Fees	118,773	130,563
Office supplies/equip. maintenance	5,552	10,000
Purchase services	11,764	25,000
Accounting fees	15,500	13,946
Board expense	7,266	12,984
Association/Membership Dues	31,139	32,073
Public Relations	79,243	200,000
Web site/IT	3,000	8,500
Pension Plan	3,026,000	2,556,000
Insurance	46,249	54,000
Election Fees	-	209,964
LAFCo fees (special district share)	7,359	8,170
Legal fees	73,484	125,000
Bank Fees	98	101
Total Administrative Expenses	**$3,619,936**	**$3,645,385**
Property Expenses		
Maintenance	152,828	231,160
Utilities	177,410	200,000
Property Insurance	13,080	15,150
Depreciation	758,761	754,848
Total Property Expenses	**$1,102,080**	**$1,193,158**
Program Expenses		
AED Program (Automated External Defibrillators)	-	349,520
Grant Expenses		
Grant admin. Expenses	50,000	55,000
Redwood City School District	96,667	0
Children's Health Initiative	1,350,000	1,350,000
SFSU nursing program	1,000,000	1,000,000
Grant (SHS Marshall)	-	-
Grant (Samaritan House)	486,000	500,000
Other Grants	66,000	100,000
Sequoia Hospital Foundation	1,000,000	1,500,000
Hospital Matching Grants	-	8,000
San Mateo Medical Center	-	1,600,000
Community Grants Program	625,000	1,500,000
Total Grant Expenses	$4,673,667	$7,685,000
TOTAL EXPENSES	**$9,395,683**	**$12,873,063**
Operating Income (revenue less exp)	$1,578,191	$104,588

One-time Revenue/Expense Items		
Escheat Liability Reverted[11]	644,508	-
Tenant Funded Capital Improvements	20,912	-
Loss on Sale of Fixed Asset	-1,751	
Gain on Sale of Medical Office Bldgs.	-	
Total One-time Revenue/Expenses	663,669	
Net Income/(Loss)	**$2,241,860**	**$104,588**

[11] Escheat liability represents stale-dated checks or unclaimed funds previously held by the District. It is not known if the liability will be realized and remains a long-term liability.

Sequoia Health Care District assets, liabilities and fund balance for the three most recent fiscal years are shown below:

Sequoia HCD	June 30, 2004	June 30, 2005	June 30,2006
Assets	56,895,864	62,335,657	65,194,890
Liabilities	698,280	679,452	298,113
Fund Balance	$56,197,584	61,656,205	64,896,777
Total Liabilities and Fund Balance	$56,895,864	$62,335,657	$65,194,890

Unrestricted fund balance for the fiscal years ending June 2004, 2005, and 2006 was $13,355,855, $16,873,821 and $18,223,815 respectively. In 1996, the District Board designated $30,000,000 for preservation of corpus, arising from the transfer of assets to SHS, with the understanding that the entire amount will remain intact. In addition, the board designated that each year a factor of 3% will be added to the corpus to keep pace with inflation. For the year ended June 30, 2006, $1,131,791 was added to the corpus for inflation. The ending balance on June 30, 2006 was $39,989,963 (SHCD Financial Statements for the Year Ended June 30, 2006, page 25).

Peninsula Health Care District (PHCD) Background and demographics, programs & facilities

Peninsula Health Care District was formed in 1947 to build and operate what is now Peninsula Hospital under Health & Safety Code Section 32000-32492. Formation included election of five governing board members and following formation, Peninsula Hospital was built in 1954 using public funds and private donations. District boundaries include Foster City (portion), San Mateo, Hillsborough, Burlingame, Millbrae, San Bruno, small portion of South San Francisco and unincorporated areas. Because the District was formed before passage of Proposition 13, the District receives a share of the 1% property tax[12] collected within District boundaries.

In 1985, with the goal of operating more economically and efficiently, and to allow the District to use resources to invest in local health care, the PHCD Board voted to lease

[12] Approximately $3.4 million annually

the hospital, including all operations, to Mills-Peninsula Health Services, a private non-profit group that owned and operated Mills Health Center in San Mateo. In so doing, operation of the hospital was transferred to MPHS.

Agreement for Construction of New Hospital:

On August 29, 2006, District voters approved Measure V, which authorized an agreement between Peninsula Health Care District and MPHS for MPHS to build a new $528 million medical campus on District land, in which the hospital would be funded privately and rent would be paid to the District. The facility will include a 450,000 square foot general care hospital, 145,000 square foot office building adjacent to the new hospital for administrative personnel and hospital-oriented specialty physicians, 243 beds, family sleeping accommodations in all medical/surgical, skilled nursing, obstetric, intensive care and neonatal intensive care patient rooms, an emergency department enlarged by 42 percent to accommodate 50,000 visits per year (up from 35,000 visits) with the capability of providing trauma care, helipad and 809-car parking garage, plus additional surface parking

District Programs:

Since transfer of the hospital operation and management responsibilities to MPHS, the Peninsula Health Care District has continued to operate, as the lessor of Peninsula Medical Center and allocating resources for health care programs for District residents. Grants include programs such as College of San Mateo Nursing Program ($290,385), Samaritan House Medical Clinic ($125,000), Adult Day Health Programs ($310,000), Children's Health Initiative ($682,250), Youth and Family Assistance, Women's Recovery and miscellaneous grants. As shown in the District's budget data below, the District appropriated approximately $1.5 million in 2005-06 and an estimated $2 million in 2006-07 in grants for community based programs.

District Staffing:

In addition to the five-member board, the District has one assistant secretary and the District has an active recruitment underway for an executive Director. The District relies on consulting services for needs related to contracts for legal counsel and other district projects or

needs. The District currently also receives some administrative services from MPHS at no charge.

District Budget:

District revenues and expenditures for Fiscal Years 2005-2006 (estimated) and 2006-2007 (adopted) are shown below.

PHCD Budget	2005-2006	2006-2007 (adopted)
Revenues		
Property Tax	3,656,122	3,400,000
Rental Income	1,250,000	1,500,000
Investment Income	699,698	1,000,000
Other	17,352,	0
Total Revenues	**$5,623,172**	**$5,900,000**
Expenditures		
Grants & Contributions*	1,525,811	2,000,000
Services & Fees (Misc)	164,253	328,000
EMF Study	0	0
Legal (Restructuring/Settlement)	52,865	25,000
Legal (General)	47,781	50,000
Legal (R.Brown)	47,781	50,000
Consulting (Restructuring/Settle)	0	0
Consulting (Property	0	0
Communications/Adv/Outreach	3,143	0
Newsletter/Website (Singer)	65,226	156,000
Public Info Campaign (Singer)		100,000
Total Expenditures	**$1,937,439**	**$2,769,000**

Peninsula Health Care District assets, liabilities and fund balance for the three most recent fiscal years are shown below:

Peninsula HCD	**June 30, 2004**	**June 30, 2005**	**June 30, 2006**
Assets	18,171,439	20,695,012	24,495,609
Liabilities	-	30,091	7,310
Fund Balance	18,171,439	20,664,921	24,488,299
Total Liabilities and Fund Balance	$18,171,439	$20,695,012	$24,495,609

Unrestricted fund balance for the fiscal years ending June 2004, 2005, and 2006 were $900,000 annually. As noted in the Peninsula Health Care District, Notes to Financial Statements, June 2006, Page 23, the remainder of the balance is designated for future capital needs. The District notes that this includes future capital needs in the event that MPHS fails to complete construction of the new hospital, fails to perform its obligation to maintain the Burlingame acute care facilities and emergency services for fifty years according to the negotiated agreement and

Measure V, fails to preserve designated "core services" that the District may need to assume if proposed for closure and to carry out the obligation to acquire the facilities at the end of the Lease. (See also page 6 of PCHD Financial Statements, June 30, 2006)

San Mateo County Medical Center

Counties are required by State mandate to provide health care for the indigent (Section 17000 of the Welfare and Institutions Code). San Mateo County is one 13 counties in the State that meets this mandate by operating a county hospital to provide indigent care. San Mateo Medical Center (SMMC)[13], in the City of San Mateo and within the boundaries of Peninsula Health Care District, is an integrated health care system providing inpatient and outpatient services through an acute care hospital, skilled nursing facility[14] and 11 county operated clinics. The mission of SMMC is to serve health care needs of all San Mateo County residents, emphasizing education and prevention without regard for ability to pay. SMMC includes 24 emergency, 7-bed intensive care, surgical services, inpatient medical surgical services, long-term care, rehabilitation, inpatient and emergency psychiatric services, radiology & imaging, clinical trials research, laboratory and pharmacy. Outpatient clinics serve over 210,000 outpatient visits a year.

[13] In 1994, the San Mateo County Board of Supervisors approved the issuance of lease revenue bonds in the amount of $124,900,000 for the construction of a new integrated health center. Completed in 2002, this project combined the former Chope Hospital and Crystal Springs Rehabilitation Center. In the same year, San Mateo County Health Services was split into two agencies, Hospitals & Clinics and Health Services and the hospital was renamed the San Mateo Medical Center.

[14] 228-bed acute care and long-term care hospital and 281-bed Burlingame Long Term Care Skilled Facility (SMC 2006-08 Adopted budget, Page 4-152)

SMMC Budget and Staffing:

The County of San Mateo 2004-05, 2005-06 and 2006-07 Budgets for the San Mateo Medical Center are shown below.

San Mateo Medical Center

Sources	**2004-05 Actual**	**2005-06 Actual**	**2006-07 Adopted**
Taxes	261	984	37,657
Use of Money & Property	3,458	2,636	5,000
Intergovernmental Revenues	32,952,522	51,607,362	15,758,050
Charges for Services	99,590,679	95,311,383	129,434,271
Interfund Revenue	1,835,943	6,779,689	14,337,923
Miscellaneous Revenue	2,732,819	3,498,856	3,497,585
Other Financing Sources	48,011,462	40,012,515	54,047,737
Fund Balance	3,532		
Total Funding Sources	**$185,130,676**	**$197,213,425**	**$217,118,223**
Requirements			
Salaries & Benefits	103,894,550	112,119,182	128,080,449
Services & Supplies	51,723,991	54,474,817	51,883,857
Other Charges	19,895,494	20,751,263	27,163,755
Other Financing Uses	9,616,641	9,868,163	9,990,162
Total Requirements	**$185,130,676**	**$197,213,424**	**$217,118,223**
AUTHORIZED POSITIONS			
Salary Resolution	1,222	1,306	1,314
Funded FTE	1,100	1,149	1,174

SMMC revenues are primarily generated from charges and fees for services provided to patients who are covered by Medi-Cal and other federal or state-sponsored programs, and by the County under its mandate to provide medical care for indigent residents. In addition to providing funds for indigent care, the County also covers Medical Center operating and debt service costs that are not reimbursed from other sources.

Current Medical Center estimates for costs to provide health care to approximately 10,000 indigent residents at County facilities are in the range of $30 to $35 million. In the 2006-07 budget, the County will be providing $70 million toward Medical Center operations and debt service. This is $35 to $40 million more than it is required to provide to meet its Section 17000 mandate. The $70 million will come from the following funding sources: General Fund-general purpose revenue and reserves ($47 million, of which

$5.1 million is required local match to receive Realignment revenue), State Realignment-Vehicle License Fees ($12.1 million), Tobacco Settlement Revenue ($7.2 million), and State Realignment-Sales Tax ($3.9 million).

Discussion of Nine Municipal Service Review Areas of Determination:

The following is a discussion of nine areas of determination required by Section 56430. To assist the reader in the context of the Districts and the municipal service review, the following two paragraphs summarize the relationship of the Districts with the hospitals originally constructed by the District.

In summary, Sequoia Health Care District, with voter approval transferred ownership of Sequoia Hospital to the non-profit public benefit corporation known as Sequoia Health Services (SHS) whose members are the District and Catholic Health Care West, which entered into a 30-year contract with Catholic Health Care West to manage the hospital. Sequoia Health Care District received $30 million in exchange and appoints one-half of the members to SHS, which manages the hospital contract. SHS is funding construction of the new Sequoia Hospital with private funding supplemented by SHCD's commitment of $25 million. As a district that was levying a tax before Proposition 13, the District continues to receive property tax, and funds health care programs with grants and maintains a reserve to contribute to construction of the new hospital by SHS and the potential that the District resumes operation of the hospital in the future.

Peninsula Health Care District, with voter approval, leases Peninsula Hospital to Mills-Peninsula Health Services (MPHS). In 2005, voters approved Measure V which authorized an agreement between Peninsula Health Care District and MPHS for MPHS to build a new $528 million medical campus on District land, providing for private funding of hospital construction with rent for district land being paid by MPHS to the District. The terms of the agreement include: MPHS lease payments to the District of $1.5 million adjusted every three years using COLA for a 50-year lease term; the District will have oversight over the new hospital operations including oversight of proposals to terminate core services such as obstetrics and surgery. In the

interest of ensuring that vital services are offered within the District, the District has numerous buy-out rights to protect the continued existence of the new Hospital should MPHS/Sutter fail or abandon service in Burlingame or commit a serious default in its obligation to maintain the hospital and emergency services for 50 years. As a district that was levying a tax before Proposition 13, the District continues to receive property tax, funds health care programs with grants and maintains a reserve to contribute to in the event MPHS defaults on construction or provision of core services.

Service Review Areas of Determination:

1. Infrastructure needs or deficiencies

As noted above, all hospitals are required to meet State mandated seismic safety standards by 2013. The following discussion provides status of compliance for each agency.

a. Sequoia Health Care District

Sequoia Health Care District no longer owns or operates Sequoia Hospital. The hospital requires reconstruction to meet seismic safety standards and Sequoia Health Care District has committed $25 million (see budget discussion above) toward the $130 million cost of reconstruction with the balance of funding by Sequoia Health Services. Sequoia Health Services, the non-profit corporation that owns the hospital has initiated reconstruction of the hospital at the current site. The planned 130-bed facility will include state-of-the-art cardiac care center, women's health services, orthopedics, spine and general surgical services, advanced outpatient services and complete emergency room services. It is anticipated that approvals from the City of Redwood City will be obtained in midsummer, 2007 and construction would be complete by 2012.

b. Peninsula Health Care District

Peninsula Health Care District leases Peninsula Hospital to Mills Peninsula Health Services (MPHS). As noted above, in 2006, Peninsula Health Care District voters approved Measure V which authorized an agreement between Peninsula

Health Care District and MPHS for MPHS to build a new $528[15] million medical campus including 243 beds on District land, providing for private funding of hospital construction with rent for district land being paid by MPHS to the District. The terms of the agreement include: MPHS lease payments to the District of $1.5 million adjusted every three years using COLA for a 50-year lease term; the District will have oversight over the new hospital operations including oversight of proposals to terminate core services such as obstetrics and surgery. In the interest of ensuring that vital services are offered within the District, the District has numerous buy-out rights to protect the continued existence of the new Hospital should MPHS/Sutter fail or abandon service in Burlingame or commit a serious default in its obligation to maintain the hospital and emergency services for 50 years. MPHS has transferred back to the District six properties including: 1730 Marco Polo Way, 1515 Trousdale Drive (land only), 1811 Trousdale, 1791 El Camino Real and 1848-50 El Camino Real, settling a long-standing legal dispute regarding the 1985 merger, MPHS will transfer the hospital back to the District at the end of the 50-year lease, subject to book value reimbursement (the depreciated value at the termination of the lease.)

c. San Mateo Medical Center

San Mateo Medical Center, constructed in 2002 to replace the existing facility fully meets the standards required for seismic standards by both 2013 and 2030 set forth in legislation. Funded by lease revenue bonds in the amount of $124,900,000 annual debt service payments are approximately $9 million.

2. Growth and population projections for the affected area

The Census 2000 population in Peninsula Health Care District is 194,376 (27% of county population), Sequoia Health District is 222,067 (31% of county population) and the County of San Mateo is 707,163. The Census 2000 population of areas not included in either of the health care districts is 290,720 (42% of county population). Subsets of areas excluded from health care district boundaries include: East Menlo Park and East Palo Alto at

[15] Projected

43,852; the north county (Pacifica, Daly City, Broadmoor, Colma, Brisbane, South San Francisco) at 216,213 and the balance of the County (south of Pacifica and west of health care district boundaries) is 30,655. The 2006 San Mateo County population estimated by the California Department of Finance is 724,014 or growth of approximately 2.3%

Population projections from the Association of Bay Area Governments "Projections 2007" provides estimates for county and individual cities. These projections are policy based in that projections are based on ABAG smart growth land use policies and not existing land use policies. County population growth, projected at 19% by 2030 and the district projections (based on ABAG growth estimates for cities in district boundaries) is shown in the following table.[16]

	Census 2000	2030 Projections	Change/%
County of San Mateo	707,163	842,600	135,437/19%
Peninsula Health Care	194,376	233,251	38,875/20%
Sequoia Health Care	222,067	257,597	35,530/16%
Excluded Areas	290,720	351,752	65,036/21%

3. Financing constraints and opportunities.

Both districts receive property tax based on taxes levied prior to Proposition 13. Annual property taxes collected are $3.4 million or 57% of revenues for PHCD and $6.05 million or 62% of revenues for SHCD (2006-07 Fiscal Year). Absent hospital operation and based on existing agreements between the Districts and the operators, both districts designate revenues in reserve for future capital investment and appropriate funds for grants of community health care programs. As noted by Peninsula Health Care District reserve also includes funds to preserve core services and carry out other obligations envisioned by Peninsula Health Care District Measure V and the MPHS agreements.

[16] Methodology: While Census 2000 data is based on census tract or block level data, ABAG Projections are not. ABAG projections percentages have therefore been applied to Census data for the County, the two districts and excluded areas.

a. Sequoia Health Care District

Sequoia Health Care District no longer owns or operates the hospital. The District indicates that while the District has committed $25 million toward construction of the new Sequoia hospital with the balance being funded by Sequoia Health Services, it anticipates that due to rising estimates in hospital construction the District will be approached for additional funding.

In regard to financing opportunities (use of property tax revenue), current practices of Sequoia Health Care District include grant funding to a number of programs benefiting district residents to address health care workforce development, access to fitness and nutrition, senior services, and indigent care (see itemization in budget). These include grants to public and non-profit entities for a variety of programs including nursing education; health, fitness and nutrition programs; school nurses; homecare workers for the elderly; adult day programs for seniors; wheelchair accessible transit; vocational training for healthcare employment; and the Heartsafe Program, which makes Automated External Defibrillators (AEDs) available at a reduced rate to private organizations or will donate equipment to eligible nonprofit organizations.

b. Peninsula Health Care District

Peninsula Health Care District leases Peninsula hospital to Mills Peninsula Health Services (MPHS) and as noted above, the hospital rebuild will be funded by Mills Peninsula Health Services with the District receiving lease revenue for use of District lands. In line with enabling legislation, mission and terms of the District lease to MPHS, the District has directed a majority of revenues toward building reserves that will enable it to resume operation of the replacement Peninsula Hospital in the case of failure of MPHS/Sutter to complete construction, MPHS/Sutter decision to close essential services at the hospital paramount default by MPHS/Sutter during the lease, or District buy-back of the hospital at various times over the next 50 years in accord with lease terms.

PHCD currently is engaged in a strategic planning initiative to identify the most significant community health care needs and ways District funds can have the

greatest positive impact on community health while fulfilling commitments of Measure V and the MPHS/Sutter agreements. Financing opportunities include re-allocation of revenues for grants the District currently provides to programs such as Children's Health Initiative of San Mateo County, College of San Mateo Nursing Program, drug and suicide intervention, Samaritan House Medical and Dental Clinic, senior health programs.

c. San Mateo Medical Center

Originally constructed as the County's public hospital and then rebuilt, San Mateo Medical Center and associated facilities are funded by charges for service (57%), County contribution and loan (33%), intergovernmental and other revenue (10%). While the County of San Mateo operates the hospital as a vehicle to deliver State mandated indigent care, County funding exceeds its indigent care obligation by $35 to $40 million annually because much of the service provided at the hospital is for patients that are either not eligible for indigent health care or receive services that are not fully reimbursed by Medi-Cal, Medicare or other funding sources.

Financing constraints for the Medical Center include that while SMMC is operated as an enterprise activity, revenues do not cover the cost of hospital operation and services. As noted in the San Mateo County Controller's Indigent Health Care Report (2005) unlike other hospitals, SMMC serves primarily indigent patients compared to other hospitals serving primarily privately insured patients with high reimbursement rates.

In addition to marketing to attract privately insured patients, financing opportunities may exist in the model presented by health care districts in San Mateo County and California in which the Districts have divested of hospital operation and/or partnered with private or not-for-profit organizations to operate the hospital allowing districts to use property tax revenues for other purposes. This model is also identified in the 2004-2005 San Mateo County Grand Jury Report on Indigent Health Care.

4. Cost avoidance opportunities

Cost avoidance practices by both Districts include their action to transfer hospital operation. In addition, the existing practice of grants to existing, local entities for health care related programs eliminates duplication of services. Additional cost avoidance opportunities may be presented in evaluating the need for two separate health care districts as discussed below in Section 7 and related discussion can also be found in Section 6 regarding Shared Facilities and Section 8 on Management Efficiencies.

5. Opportunities for rate restructuring.

While a hospital is an enterprise activity in which fees are charged for service, the Districts as they exist are non-enterprise districts in that they do not currently operate hospitals or provide a service for which fees can be charged. And while the Districts by agreement may have oversight over hospital operations in regard to range of services operations of the new hospital including provision of core services, the Districts do not have control over rates charged for medical or health service.

6. Opportunities for shared facilities.

While construction of the two hospitals previously owned by the Districts is already either underway or imminent, opportunities may exist for sharing of facilities among all public and private hospitals in the County to either shift excess demand for service to underutilized facilities including indigent or charity care or to provide certain specialized services from a location at a single hospital rather than several hospitals.

7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.

This section is a required area of determination and is not a proposal for a change of organization. Written in the spirit of maximizing the capacity of agencies that share health care responsibility in San Mateo County and promoting dialogue in the health care community, this section offers governance alternatives that can be further examined by the Districts, the County, affected agencies

and the public. Detailed fiscal analysis of implementation of these alternatives is beyond the scope of a municipal service review and can best be examined by the County and the Districts as health care experts. Discussion in this section acknowledges:

- While the Districts no longer operate public hospitals their legislative authority and scope of services have been broadened beyond hospital operation. The Districts make significant contributions to health care funding by allocating resources to partner with the County and other agencies that deliver health care programs to benefit underserved communities;
- District boundaries are based on demographics and city boundaries that existed when the districts were formed and do not reflect the county's current demographics or city boundaries;
- Present day economic and demographic circumstances present a countywide demand for health care services for all county residents including the uninsured or underinsured;
- While the Districts, the County and other health organizations in the County share the common charter of health care for the benefit of County residents, there is no mandate that the Districts or private operators fund indigent care; and
- Competition exists between hospital operators for insured patients and funding.

Government structure options with a focus on health care include: a) dissolution of the health care districts designating the County of San Mateo as the successor agency; b) consolidation of the districts and inclusion of excluded areas to create a single, countywide health care district; and c) status quo.

It is important to note that dissolution of the districts would not result in reduction of property tax paid by the taxpayer because Proposition 13 sets property tax at 1% of assessed value. Reorganization of a district, including consolidation or dissolution would result in redistribution of each district's share of property tax either to a successor agency if district service responsibility is reassigned or to the County, cities and special districts in the reorganized district's boundaries. Furthermore, given the two different arrangements between the Districts

and the hospital operators, while reorganization is not precluded, it would involve assignment to a successor agency of the assets and liabilities of the districts and require a variety of complex proceedings to transfer the current responsibilities of the Districts including PCHD's role in the event of default by MPHS, ownership of the land, assumption of SHCD's pension obligations, contribution to Sequoia Hospital's rebuilding, and many other issues. As noted below, reorganization proceedings that would include dissolution, majority protest or assessment of a tax would be subject to a vote of affected registered voters in the affected area.

a. Dissolution of the Health Care Districts

Dissolution of the Districts with transfer of service responsibility and associated property tax revenues and assets to the County of San Mateo would result in a single entity allocating resources for health care services and successor to existing agreements regarding disposition of assets. While there is currently collaboration between health care agencies and the Districts contribute to County administered programs, this alternative would transfer resources for health care service to a single entity that already focuses on health care needs of county residents. While it would eliminate costs associated with two elected bodies, administration and legal counsel, dissolution would result in additional costs to the County in administering existing agreements and contractual obligations. And, while Government Code Section 57450 and LAFCo's authority to set conditions would permit dissolution of the Districts and transfer of existing contractual and long term obligations, it would be both a lengthy and complex process given the distinct contractual relationships the Districts have with the hospital operators. Dissolution would also be subject to an election.

b. Consolidation of the Districts and Expansion of Boundaries to include all of San Mateo County

As noted above, the boundaries of the two districts were based on population and city boundaries when the Districts were formed and do not reflect present-day San Mateo County demographics or community boundaries. In the case of Sequoia Health Care District, eastern Menlo Park and East

Palo Alto are excluded from district boundaries even though these communities are included in the same school districts as much of Sequoia Health Care District. Other areas excluded from the boundaries of the health care districts include northern San Mateo County from South San Francisco north as well as coastal and rural areas.

This alternative would involve reorganization to consolidate the districts and annex excluded areas to include all of San Mateo County in the boundaries of a health care district. This alternative assumes transfer of service responsibility and an associated transfer of property tax revenues by willing agencies in currently excluded areas or, absent a property tax transfer, establishment of a benefit assessment to approximate property tax revenues based on current share of the 1% within District boundaries.

As a result of Proposition 13, each health care district receives a share of the 1% property tax that ranges from 0.0110 to 0.0148 depending on tax rate area. One method to estimate revenues that might be transferred in this alternative is to assume a transfer of 0.01 of the 1% property tax in areas currently excluded, based on what Districts currently receive within their boundaries. This is an estimate using the following model.

	Total Assessed Valuation	1% Property Tax	Sample Tax Increment	Gross Property Tax
County Total	$113,155,583,572			
Sequoia	43,762,564,887	$437,625,649	0.014806682	$6,479,784
Peninsula	35,788,286,982	$357,882,870	0.011006289	$3,938,962
Excluded Areas	*33,604,731,703*	*$336,047,317*	*0.010000000*	*$3,360,473*
			Total	$13,779,219

This table, using sample tax increments, illustrates that consolidation and annexation of excluded areas to create a countywide health care district with dedicated funding could result in an additional $3.3 million dollars that when combined with existing revenues already captured results in approximately $13 million[17] annually for county wide health care programs. While the property tax revenue captured is a reallocation, the potential benefit to this

[17] Based on adopted budgets, both Health Care Districts currently contribute approximately $9 million in funding for health programs.

model is that it would provide for a designated, long-term regional health care funding and planning structure rather than funding of programs in sub-regions on a year-to-year basis.

This model would not preclude or require transfer of responsibility for San Mateo Medical Center to the newly consolidated Health Care District nor would it preclude the possibility of pursuing a public private partnership that has proven successful with Peninsula and Sequoia Hospitals. In the event of consolidation, the successor district would inherit both the health care responsibilities of the existing Districts along with their assets, liabilities and obligations including successor to existing agreements. Challenges to this model include the complexity of the separate agreements of Sequoia and Peninsula Health Care Districts and to a certain extent interest by the Districts to participate in consolidation; willingness to transfer property tax by the County and/or cities to the consolidated district for currently excluded areas or a parcel assessment in the expanded areas that would approximate revenues in current areas; and the fact that implicit in operation of hospitals is competition among hospital operators and it can not be assumed that existing operators would be willing to take on operation of San Mateo Medical Center. This alternative would also be subject to potential election.

Variation: Consolidation of Health Care Districts and Joint Power Authority or other agreement with County to pool resources for Countywide programs

This alternative would provide for consolidation of the two districts and, to include excluded areas, a joint power authority or agreement between the consolidated District and the County to jointly administer health care programs on a countywide basis. In the case of the districts this alternative would replace two governing bodies with one and provide for allocation of resources on a more regional basis. The consolidated district and the county could also form a partnership to plan and administer a programs for countywide services. This alternative would be subject the same challenges noted above regarding assumption of existing agreements, etc. but offers the potential advantage of more formally pooling the resources of the District and the County to develop countywide programs for health care.

Variation: Expansion of Existing Districts boundaries through annexation of excluded areas

An alternative to consolidation to create a countywide health care jurisdiction under health care enabling legislation would be to expand the boundaries of the two health care districts. It is important to note that the boundaries of the two Districts were drawn under a completely different legislative scheme, demand for service and demographics, resulting in two separate health care districts with artificial boundaries. Nevertheless, an alternative would be to expand the boundaries of the two districts through the annexation process with a funding mechanism to provide for countywide health care funding. Disadvantages of this model would be that it would result in governance that would divide the County rather than a single entity providing for countywide delivery of services. This alternative would not eliminate duplication of costs in board governance and administration. Another disadvantage is that in this scenario, each district's expansions would be separate processes and involving LAFCo application and election and could result in one district successfully annexing territory and the other not.

c) **Status Quo**

As noted above, both Districts contribute to County sponsored and community based health care programs. Continued existence of the Districts offers opportunities for Districts to examine cost saving and financing opportunities discussed above, including a joint powers authority or agreement as noted in Section 8 below.

8. Evaluation of management efficiencies.

Each District has a locally elected board of five directors, General Manager, contract legal counsel and limited administrative staff. District business activities are primarily organized around managing the revenues and assets of the District including grant administration. Services are either provided by contract or in the case of Peninsula Health Care District, some services are provided by Mills Peninsula Health Services.

The Districts also fund services through grant funding rather than directly providing health services or programs.

While the grant programs allow the Districts to supplement rather than duplicate existing community programs, opportunities for further efficiencies including grant administration may exist in pooling grant resources through a joint effort or agreement between the Districts and the County to create a comprehensive and coordinated grant program that could combine the areas served by the Districts and the County and reduce grant administration costs for the agencies.

9. Local accountability and governance

As noted each district is governed by a five-member board of directors elected by district voters.[18] PCHD Board meets month and SHCD Board meets every other month. The agenda posted and distributed. The Boards are subject to the Brown Act governing public meetings and both Districts maintain a website. District financial statements are found on the Districts' websites. While the budgets can be found on the websites they are not readily displayed on the home page. PCHD's adopted budget for the 2005-06 fiscal year is contained in the audited financial statement on the website (www.peninsulahealthcaredistrict.org). SHCD's budget is found under financial statements of the current board agenda on the website (www.sequoiahealthcaredistrict.com).

Sphere of Influence:

Sphere of influence is defined and the plan for the probable physical boundaries of a local agency, as determined by the Commission. In adopting or updating a sphere of influence, Section 56425 requires the Commission to make determinations concerning land use, present and probable need for public facilities and services in the area, capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide and existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency. The following section discusses these as they relate to the two health care districts.

---

[18] Health and Safety Code establishes board composition at five, permits expansion to seven for Districts providing more than 225 beds and authorizes LAFCo in a reorganization of health care districts to set board composition at 5,7,9 or 11. Section 32100.2 sets forth that District Board may declare a vacancy if a board member has been absent from three consecutive regular meetings or from three of five consecutive meetings and the Board adopts a resolution declaring a vacancy.

Sphere of influence designations include:

- "Status Quo" indicating that the probable boundaries and organization of an agency are coterminous with existing agency boundaries.
- a sphere designating dissolution because the services of the District could be assumed by another entity;
- an expanded sphere of influence indicating that areas currently excluded from district boundaries should be annexed because they could benefit from district services and the district is the logical service provider
- a designation that the district should be consolidated with another district providing like services or that a district could become a subsidiary district of a city

Sequoia Health Care District:

The sphere of influence of the Sequoia Health Care District is "status quo" indicating the District's probable boundaries are coterminous with current district boundaries.

Sphere of influence Determinations-Sequoia Health Care District

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

Lands uses within the District boundaries including various residential land use designations under the jurisdiction of the County of San Mateo and Cities. The majority of the District boundaries are urbanized. Existence of open space or agricultural lands within district boundaries is not relevant to services provided by the District.

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

The area within District boundaries consists of urbanized areas that place a demand on health care providers that include the Sequoia Health Care District and the County of San Mateo. Current District boundaries exclude communities in need of health care services.

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

Enabling legislation of Sequoia Health Care District authorizes hospital operation and a broad set of health care services. In regard to capacity of public facilities and adequacy of public services the agency provides or is authorized to provide, the municipal service review acknowledges that the District transferred Sequoia Hospital to a not for profit entity and uses property tax revenues to fund a variety of health care programs through grants to the County of San Mateo and other entities. The service review further recognizes that the County of San Mateo Medical Center and Health Services overlap the District's service area.

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 area included in the Sequoia Health Care District includes the Cities of Atherton, Portola Valley, Woodside, Redwood City, San Carlos, portions of Menlo Park, Foster City, and San Mateo as well as unincorporated areas. The boundaries of the district were drawn based on existing communities upon district formation in 1946, exclude areas needing service and do not reflect current demographics or service needs.

Peninsula Health Care District:

The sphere of influence of the Peninsula Health Care District is "status quo" indicating the District's probable boundaries are coterminous with current district boundaries.

Sphere of influence Determinations-Peninsula Health Care District

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

Lands uses within the District boundaries including various residential land use designations under the jurisdiction of the County of San Mateo and Cities. The majority of the District boundaries are urbanized. Existence of open space

or agricultural lands within district boundaries is not relevant to services provided by the District.

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

The area within District boundaries consists of urbanized areas that place a demand on health care providers that include the Peninsula Health Care District and the County of San Mateo. Current District boundaries exclude communities in need of health care services.

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

Enabling legislation of Peninsula Health Care District authorizes hospital operation and a broad set of health care services. In regard to capacity of public facilities and adequacy of public services the agency provides or is authorized to provide, the municipal service review acknowledges that the District leases the hospital to a private entity and uses property tax revenues to fund a variety of health care programs through grants to the County of San Mateo and other entities. The service review further recognizes that the County of San Mateo Medical Center and Health Services overlap the District's service area.

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 area included in the Peninsula Health Care District includes the Cities of Burlingame, Millbrae, Hillsborough and portions of Foster City, San Mateo, South San Francisco and San Bruno as well as unincorporated areas. The boundaries of the district were drawn based on existing communities upon district formation in 1947, exclude areas needing service and do not reflect current demographics or service needs.

This report and accompanying documents such as District Financial Statements are available on the San Mateo LAFCo Website at www.sanmateolafco.org.

Health Care Districts - San Mateo County