

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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March 17, 2017

**TO:** Sequoia Healthcare District  
Peninsula Health Care District  
County of San Mateo  
Cities of San Mateo County  
Other Interested Agencies and Organizations

**SUBJECT:** Circulation Draft Municipal Service Review and Sphere Update for the Sequoia Healthcare District and the Peninsula Health Care District

The Circulation Draft Municipal Service Review and Sphere Update for Sequoia Healthcare District and Peninsula Health Care District is now available for review and public comment. This report is available online at [www.sanmateolafco.org](http://www.sanmateolafco.org).

**A special workshop on the Circulation Draft Municipal Service Review and Sphere Update on the Health Care Districts will be held on Thursday, April 20, 2017 at 7:00 pm at the San Mateo City Council Chambers, 330 West 20<sup>th</sup> Avenue, San Mateo.**

Affected agencies, residents, property owners, and interested individuals and groups are invited to provide comments to the San Mateo Local Agency Formation Commission (LAFCo) Executive Officer Martha Poyatos at the workshop, by mail at the address below, by email at [mpoyatos@smcgov.org](mailto:mpoyatos@smcgov.org), or by fax at (650) 363-4849. Comments will be incorporated into a final report to the Commission. Please submit your comments by April 27, 2017.

The Executive Officer's Report and Recommendation, including recommended Municipal Service Review and Sphere of Influence determinations, will be considered by the LAFCo Commission at their next regular meeting on May 17, 2017 at 2:30 pm in the Board of Supervisors Chambers, 400 County Center, Redwood City.

Please contact the LAFCo Executive Officer with any questions regarding the public workshop or the Circulation Draft Municipal Service Review and Sphere Update.

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**Circulation Draft Service Review for  
Sequoia Healthcare District and  
Peninsula Health Care District**

**Prepared for:**

**San Mateo Local Agency Formation Commission**

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March 15, 2017

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## Introduction

Section 56425 of the California Government Code requires the San Mateo Local Agency Formation Commission (LAFCo) to review the sphere of influence (SOI) for cities and special districts every five years as necessary. Prior to or in conjunction with the sphere of influence assessment, LAFCo must also conduct a Municipal Service Review (MSR) in compliance with Government Code Section 56430.

LAFCOs are required to conduct MSRs in conjunction with SOI updates as a result of the passage of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The purpose of MSRs is to comprehensively study existing and future public service conditions and ensure that critical services are provided in an efficient and cost-effective manner. While MSRs initially required a statement of determination in nine areas, an update to the law in 2008 reduced the number of determination areas to seven.

This report consists of the MSRs for the two healthcare districts in San Mateo County: Peninsula Health Care District and Sequoia Healthcare District. While the MSR determinations may be used by LAFCo and other affected agencies to initiate changes to services or spheres of influence, San Mateo LAFCo acknowledges that the preferred form of initiation of a change of organization is an application submitted by affected agencies, residents, property owners, or voters.

Appendix I to this report contains information about the San Mateo Medical Center and services provided by the County of San Mateo.

### **2007 Municipal Service Review and Sphere of Influence Update for Sequoia and Peninsula Health Care Districts**

In 1985, San Mateo LAFCo conducted sphere of influence studies for Sequoia and Peninsula Hospital Districts and assigned a sphere of influence that was coterminous with district boundaries. Subsequently, hospital district enabling legislation was rewritten to recognize changes in hospital operation and funding and other trends that resulted in many districts divesting of district owned hospitals. In 1996 Sequoia Hospital District transferred the hospital to a non-profit corporation and in 2005 Peninsula Health Hospital District entered into a long term ground lease with Mills-Peninsula Health Services to construct a new hospital with private funding on District owned land. These actions were affirmed by voter measure in each district. Both hospital districts subsequently changed their names to include Health Care District.

In 2007, San Mateo LAFCo prepared a municipal service review in conjunction with a sphere of influence review and update for the Sequoia and Peninsula Health Care Districts. The report included background on the metamorphosis of hospital districts in California, detail of each district's finances, their relationship with the hospital operators and grantee organizations, governance alternatives and service review and sphere determinations. Based on the municipal service review and changes in service delivery, Commission action included amendment of the sphere of both districts from "Coterminous with District Boundaries" to "Transitional Sphere of Influence" recognizing the significant areas of the County excluded from both districts and the changing demand and economics of health care and hospital operation. The sphere designation also recognized that health care needs of all county residents may benefit from alternative organizational structures, boundaries and funding mechanisms including but not limited to dissolution, consolidation, expanded service areas and joint power agreements to include all of San Mateo County.

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# Healthcare Districts in California

## Authorizing Legislation

In 1945, the California State Legislature enacted the Local Hospital District Law, which authorized special districts to build and operate hospitals and other healthcare facilities in underserved areas of the state and to recruit and support physicians. Districts were given the authority to levy taxes and issue bonds for this purpose. A number of factors have led to healthcare district boards divesting from hospital ownership over time, including increased in-patient care costs, reductions in reimbursements from insurance, reductions in state and federal payments, and reductions in the length of hospital stays.

In 1994, with the passage of Senate Bill 1169, hospital districts were renamed “healthcare districts,” which reflected the increasing reality that healthcare was being provided outside of the hospital setting. In 1994 the legislature also established seismic safety standards for hospitals requiring compliance by 2013 and, in most cases, the replacement of existing hospitals. There are currently 78 healthcare districts in California, and as of 2012, 43 of them operated hospitals, while 35 did not.<sup>1</sup>

## Little Hoover Commission Review of Healthcare Districts

In 2000, the Little Hoover Commission, an independent state oversight agency, published a report on the role of special districts, including healthcare districts. It found that the activities of special districts are often invisible to the public and policy-makers, which leads to compromised oversight and accountability. The report also found that LAFCos have not aggressively scrutinized the organization of special districts, and have thus failed to promote the efficient and effective evolution of these districts. The report raises the question, for example, of whether healthcare districts that no longer operate hospitals should continue to exist. The report also indicates that many special districts, including healthcare districts, have large financial reserves that are not considered in regional or statewide service planning activities.

The Little Hoover Commission is continuing its investigation into healthcare districts and other special districts statewide. In November of 2016, the Commission held an Advisory Committee Meeting on Special Districts that specifically focused on the role of healthcare districts.

Questions posed during the meeting included:

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<sup>1</sup> Legislative Analyst’s Office. “Overview of Health Care Districts.” April 11, 2012 & Association of Health Care Districts.

- If a healthcare district does not operate or own a hospital, should it continue to exist?
- If a healthcare district primarily channels its property tax allocations to other entities as healthcare grants, might this allocation be better done by county health departments or other local governments?
- Do critics who maintain that healthcare districts without hospitals should be dissolved have too narrow a focus and lack understanding of shifts in the healthcare landscape?

Arguments offered in support of healthcare districts included that healthcare districts can often provide services more nimbly than county health departments, and that healthcare districts provide services that are directly responsive to developing needs in a community. Arguments offered in opposition to healthcare districts included that they often provide services that are redundant to services provided by other entities, and that there is little collaboration or sharing of best practices between different healthcare districts. The Little Hoover Commission is continuing to study this issue.

### **Government Code Sections Dictating Service Requirements**

The California Health and Safety Code outlines the services that a healthcare district may establish, including direct healthcare services, training and education, and grants to community-based organizations. These areas of services are detailed in Appendix II. The Health and Safety Code also allows a healthcare district to form joint venture partnerships and public benefit corporations.

Indigent care is considered the responsibility of county health agencies rather than healthcare districts. The Health and Safety Code limits a healthcare district's ability to provide direct indigent care, stating:

“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 healthcare facilities to be operated upon a self-supporting basis.”

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## San Mateo County, LAFCo, and the Healthcare Districts

### San Mateo County

San Mateo County is comprised of 448 square miles of land, 292 square miles of water, and 57.7 miles of coastline. There are 20 cities and towns in the County. The County is bordered by the City of San Francisco on the north, the San Francisco Bay on the east, Santa Clara and Santa Cruz Counties on the south, and the Pacific Ocean on the west. The County has a mix of urban and suburban industrial, small business, and residential uses. The 2015 American Community Survey count for the County was 765,135. County residents are 39.9 percent White, 28.3 percent Asian, 25.1 percent Hispanic or Latino, 2.9 percent African-American, and 3.8 percent other.

### San Mateo LAFCo

The San Mateo Local Agency Formation Commission (LAFCo) was created by the State Legislature in 1963 in response to the rapid growth and sporadic formation of cities and special districts in California in the years following World War II. LAFCo's specific goals are to prevent urban sprawl, encourage the orderly growth and development of local government agencies, prevent the premature conversion of agricultural and open space lands, and review and approve proposals for changes in the boundaries and organizations of the 20 cities, 22 independent special districts, and approximately 33 county-governed special districts, plus the incorporation of cities and the formation of special districts.

LAFCo is governed by a seven-member commission appointed to four-year terms. Two commissioners are members of, and appointed by, the County Board of Supervisors; two are members of city councils (appointed by the Council of Mayors); two are members of independent special districts (appointed by the presiding officers of independent special districts); there is one public member (appointed by the County, cities, and special district members); and there are four alternate members (County, cities, special district, and public). The organization's budget is funded by application fees and by the County, cities, and independent special districts. The Commission contracts with the County of San Mateo for an executive officer, legal counsel, administrative staff, and office space.

### Peninsula Health Care District

Peninsula Health Care District was formed on December 2, 1947. District revenues come from a portion of the County's 1 percent property tax, as well as from lease and other revenues. The Peninsula Health Care District no longer operates a hospital, and instead leases District land to Mills-Peninsula Health Services for Peninsula Hospital with voter approval, as discussed in more detail later in this report. The geographic area of the district covers 13 square miles, and includes the cities of San Bruno, Millbrae, Burlingame, Hillsborough, and parts of San Mateo and Foster City, as well as part of the Unincorporated County.

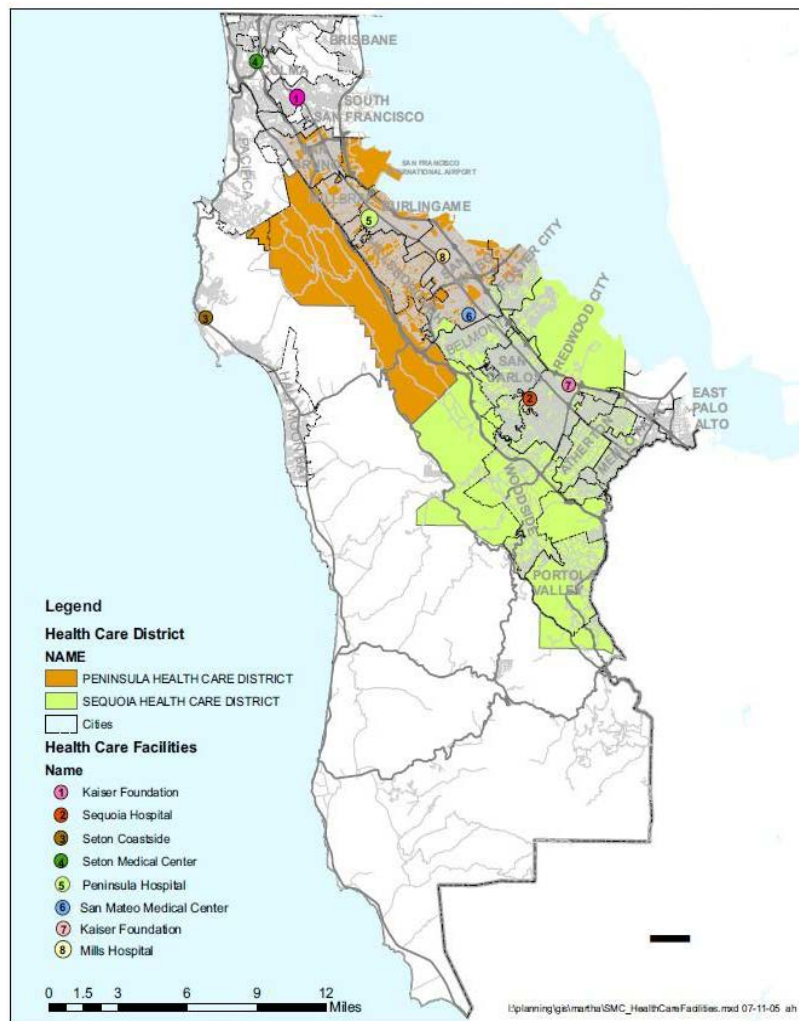


## Sequoia Healthcare District

Sequoia Healthcare District was formed on December 17, 1946 as the first hospital district in California. Revenues for Sequoia also largely come from a portion of the County’s 1 percent property tax. Sequoia Healthcare District sold Sequoia Hospital to Dignity Health in 2007 with voter approval and no longer operates a hospital, as discussed in more detail later in this report. The geographic area of the district covers 13 square miles, and includes the cities of Atherton, Belmont, Portola Valley, Redwood Shores, San Carlos, Woodside, and parts of Foster City, Menlo Park, and San Mateo.

Figure 1 below shows Peninsula and Sequoia Healthcare Districts, as well as the location of numerous healthcare facilities in the County.

**Figure 1: Healthcare Districts in San Mateo County**



Source: LAFCo

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# Population Growth and Disadvantaged Communities in San Mateo County

## Growth and Population Projections

The 2010 U.S. Census Bureau estimate for San Mateo County is 718,451.<sup>2</sup> The Peninsula Health Care District population is estimated to be 210,141 (29 percent of total), and the Sequoia Healthcare District population is estimated to be 217,764 (30 percent of total).<sup>3</sup> The total number of County residents in both districts is 427,906, or nearly 60 percent of all residents, and the total number of County residents in neither district is 308,115, or 40 percent of all residents.

## Population Growth

### *Population Growth Countywide*

The California Department of Finance predicts that the County's population will grow to 874,626 by 2040 (22 percent growth in the 30-year period between 2010 and 2040), and to 925,295 by 2050 (29 percent growth in the 40-year period between 2010 and 2050).

### *Population Growth in the Healthcare Districts*

The Association of Bay Area Governments (ABAG) develops population projections for San Mateo County as well as individual cities and towns throughout the County, based on recommended uses of land and housing development. The ABAG population projections include an estimate of cumulative growth between 2010 and 2040.

ABAG projects higher growth in San Mateo County than the Department of Finance projects. As shown in Figure 2 below, the ABAG projections estimate a growth rate of 26 percent for the San Mateo County population as a whole in the 30-year period between 2010 and 2040. During this same period the projected population growth rate for Peninsula Health Care District jurisdictions is 30 percent, exceeding the countywide growth rate; the projected growth rate for Sequoia Healthcare District jurisdictions is 20 percent, which is less than the countywide growth rate; and the projected growth rate for areas that are not included in either district is 27 percent.

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<sup>2</sup> As noted above the 2015 American Community Survey estimated the population of San Mateo County to be 765,135, based on a statistical sample.

<sup>3</sup> These numbers were derived \ using the zip codes provided by the healthcare districts, including the proportion of the cities and zip codes that are partially within each district.

**Figure 2: Projected Population Growth by Healthcare District (ABAG)**

	<b>2010</b>	<b>2020</b>	<b>2010-2020 Growth</b>	<b>2030</b>	<b>2040</b>	<b>2010-2040 Growth</b>
Peninsula HCD	210,141	229,467	9%	250,260	273,600	30%
Sequoia HCD	217,764	230,761	6%	245,001	261,094	20%
Both Districts	427,906	460,227	8%	495,261	534,694	25%
Neither District	290,545	314,873	8%	340,839	369,706	27%
Total	718,451	775,100	8%	836,100	904,400	26%

Source: Association of Bay Area Governments

### Age of the Population

The ABAG projections also include the percentage of the population that is under the age of 24 and the percentage of the population that is over the age of 65 as of 2010. The populations within each of the healthcare districts have proportionally fewer children and youth under the age of 24 and more adults over the age of 65 than the areas of San Mateo County outside of the districts, as shown in Figure 3 below.

**Figure 3: Average Percentage of Residents under the Age of 24 and over the Age of 65 by Healthcare District**

<b>Healthcare District</b>	<b>Average % Under 24</b>	<b>Average % Over 65</b>
Peninsula HCD	28%	17%
Sequoia HCD	29%	16%
Neither	33%	12%

Source: Association of Bay Area Governments

### Household Size

ABAG reports the household size by jurisdiction in San Mateo County for 2010. Households within the healthcare districts are generally smaller than households outside of the districts.

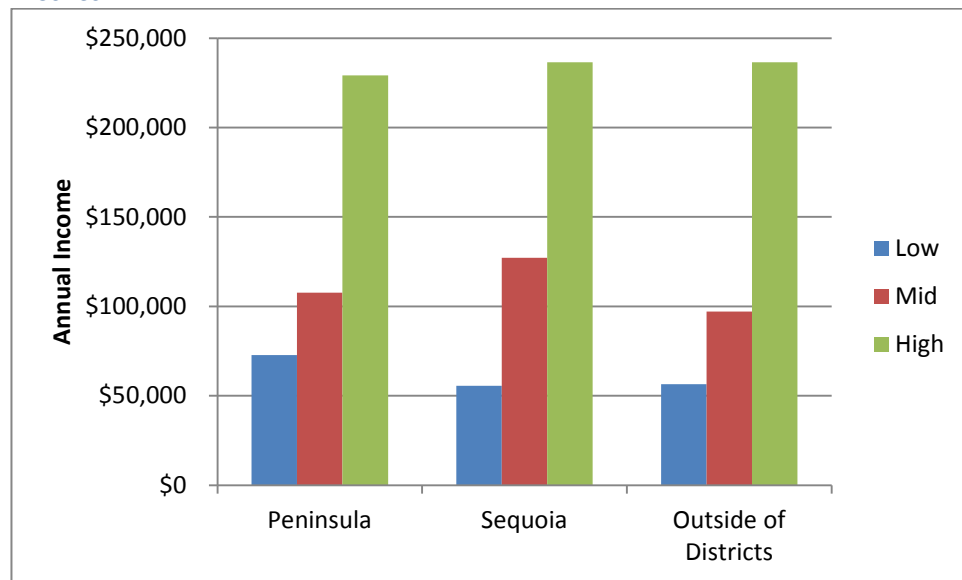
- Within Peninsula Health Care District, an estimated 73 percent of households have between one and three individuals, and an estimated 27 percent of households have four or more individuals.
- Within Sequoia Healthcare District, an estimated 75 percent of households have between one and three individuals, and an estimated 25 percent of households have four or more individuals.
- Outside of the Districts, an estimated 67 percent of households have between one and three individuals, and an estimated 33 percent of households have four or more individuals. Overall these jurisdictions have a higher percentage of households with children.

## Household Income

Household median income in San Mateo County jurisdictions ranges from \$55,605 to \$236,500.<sup>4</sup> Overall San Mateo County is a high income county. Statistics from the American Community Survey (2011-2015) show that the County-wide median household income is \$93,623, compared with California’s median household income of \$61,818. 8.4 percent of persons are in poverty in San Mateo County, compared with 15.3 percent in California overall.

In general, Peninsula Health Care District and Sequoia Healthcare District have fewer low-income areas than areas of the County outside of the districts, resulting in higher median incomes in the districts compared to areas outside of the districts, as shown in Figure 4 below. While some high-income areas are outside of the healthcare districts, more low-income areas are outside of the districts.

**Figure 4: Low, Mid, and High Range of Household Median Income by Healthcare District**



Source: 2011-2015 American Community Survey

## Summary

Overall, the two healthcare districts make up 60 percent of the total population of San Mateo County. In the 30-year period from 2010 to 2040, Peninsula Health Care District’s population is projected to grow at a higher rate and Sequoia Healthcare District’s population is projected to grow at a lower rate than the overall population growth in San Mateo County.

<sup>4</sup> Based on 2011-2015 American Community Survey by zip code.

In general, Peninsula Health Care District and Sequoia Healthcare District residents have higher household incomes, smaller household sizes, fewer children and youth under the age of 24, and more adults over the age of 65 than the jurisdictions within San Mateo County and outside of the districts.

### **Disadvantaged Communities**

As defined in Section 56046 of the Government Code, “disadvantaged unincorporated community” means territory that constitutes all or a portion of a “disadvantaged community,” or a community with an annual median income that is less than 80 percent of the statewide annual median household income. The annual median household income for California in 2015 was estimated by the American Community Survey to be \$61,818. Therefore, inhabited, unincorporated areas with an annual median household income of less than \$49,454 are considered to be disadvantaged unincorporated communities.

None of the inhabited, unincorporated areas of San Mateo County meet the criteria to be considered “disadvantaged unincorporated communities.” The annual median income in Loma Mar is the lowest of any unincorporated community in the County at \$55,867. However, several of the unincorporated communities do have a significant percentage of households that fall below 80 percent of the state’s annual median income, as shown in Figure 5 below. For example, 46 percent of households in Loma Mar have an annual income that is below \$49,999, and approximately 40 percent of households in both North Fair Oaks and Pescadero have an annual income below \$49,999.

**Figure 5: Annual Median Household Income in Unincorporated Areas**

	<b>Median Household Income</b>	<b>% of Households Below \$49,999</b>
Loma Mar CDP	\$55,867	46%
North Fairs Oaks CDP	\$64,851	40%
Pescadero CDP	\$101,022	40%
La Honda CDP	\$73,688	36%
Half Moon Bay CCD	\$103,255	24%
Montara CDP	\$123,194	21%
Broadmoor CDP	\$98,750	20%
El Granada CDP	\$110,434	18%
Moss Beach CDP	\$91,441	15%
West Menlo Park CDP	\$178,542	13%
Highlands-Baywood Park CDP	\$145,921	8%
Ladera CDP	\$250,000	4%
Emerald Lake Hills CDP	\$164,643	0.20%
<b>Average</b>	<b>\$120,124</b>	<b>22%</b>

Source: U.S. Census Bureau

Appendix III shows unincorporated communities with high proportions of households with income below 80 percent of AMI.

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## Healthcare Services and Needs in San Mateo County

### Private Sector Hospital and Healthcare Services

According to the U.S. Department of Housing and Urban Development, San Mateo County has the highest Area Median Income (AMI) in California in 2016, tied with San Francisco and Marin County at \$107,700. As a result, the County is generally well-served by private healthcare providers.

### Hospital Capacity

San Mateo County has seven private general acute care hospitals in addition to the County hospital, San Mateo Medical Center. The private hospitals include: (1) Kaiser Foundation Hospital in South San Francisco, (2) Kaiser Foundation Hospital in Redwood City, (3) Mills-Peninsula Medical Center, (4) Sequoia Hospital, (5) Seton Medical Center, (6) Seton Coastside, and (7) Menlo Park Surgical Hospital. San Mateo Medical Center and the seven private hospitals have 1,500 acute care and skilled nursing beds combined, as shown in Figure 6 below.

**Figure 6: Bed Capacity by Type and Facility in San Mateo County**

<b>Bed Type</b>	<b>Number of Beds</b>
Acute Psychiatric Care	118
Coronary Care	14
Intensive Care	96
Neonatal Intensive Care	19
Pediatric	7
Maternal Health	85
Skilled Nursing	293
Medical/Surgical and Other Acute Care	868
<b>Total</b>	<b>1,500</b>

Source: Center for Health Care Quality, California Department of Public Health. 2014. HealthcareFacilities-California\_2014-11-17-CA-CDPH (last updated February 8, 2017).

### *Decline in Hospital Utilization*

San Mateo County has both a lower bed to population ratio and a lower bed occupancy rate than the national average. The County has approximately 2 beds per 1,000 population, which is below the 2005 U.S. average of 2.7 beds per 1,000 population calculated in a 2008 study. County-wide, licensed beds were filled only 34 percent of the time, compared to the national hospital bed occupancy rate of 70 percent in 2005.<sup>5</sup> According to the Office of Statewide Health Planning and

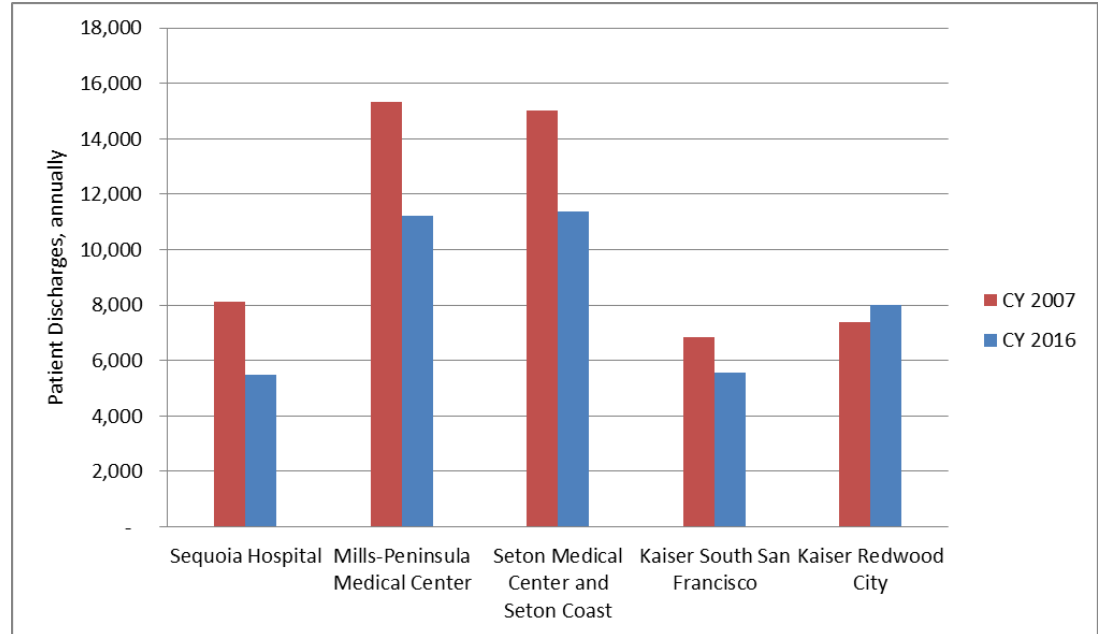
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<sup>5</sup> "The Challenges of Health System Capacity Growth," Laurence C. Baker, Ph.D., Stanford University, National Institute for Health Care Management Foundation.

Development (OSHPD), hospital beds in San Mateo County had low occupancy rates in 2015 and 2016.<sup>6</sup>

Both in-patient census days and patient discharges at the eight San Mateo County Hospitals decreased in the ten-year period between 2007 and 2016 as a result of the changing healthcare environment, as shown in Figure 7 below. The number of acute and subacute inpatient beds at these six hospitals also decreased between 2007 and 2016.

**Figure 7: Decrease in Patient Discharges in 2016 Compared to 2007** <sup>a, b, c</sup>



Source: OSHPD

<sup>a</sup> Seton Medical Center includes Seton Coastside.

<sup>b</sup> Mills Hospital in the City of San Mateo closed in 2014.

<sup>c</sup> Kaiser Hospital in Redwood City opened a new facility in 2014 with a reduced number of beds.

Although the acute care hospitals in San Mateo County saw a decrease in patient census days and hospital discharges between 2007 and 2016, Stanford Medical Center in Palo Alto, which is less than seven miles from Redwood City, saw an increase in both patient census days (from 141,621 in 2007 to 155,913 in 2016) and patient discharges (22,065 in 2007 to 24,975 in 2016). It is not known if the increase in patient census at Stanford Medical Center drew from residents of San Mateo County, this may be an area of further study.

<sup>6</sup> According to OSHPD data, the number of licensed bed days in San Mateo County in 2016 was 645,790 and the number of patient census days was 219,266. Overall, licensed beds were filled only 34 percent of the time. Only Seton Coastside had occupancy rates of 70 percent or more: 81 percent in 2015 and 70 percent in 2016.



## Primary Care Providers

Ten primary care community clinics serve more than 22,000 County residents, as shown in Figure 8 below. Several of these clinics, including Samaritan House Free Clinic of Redwood City and Planned Parenthood, have received grant funds from Sequoia Healthcare District and/or Peninsula Health Care District in recent years.

**Figure 8: Primary Care Community Clinics in San Mateo County**

	Age Group:	19 and Under	20 to 64	65 and Older	Total
<b>DALY CITY</b>					
<b>Community Clinic</b>					
Chinese Hospital Daly City		704	2,303	2,308	5,315
North East Medical Services Eastmoor		1,076	2,374	290	3,740
<b>HALF MOON BAY</b>					
<b>Community Clinic</b>					
Sonrisas Community Dental Clinic		662	547	119	1,328
<b>REDWOOD CITY</b>					
<b>Community Clinic</b>					
Third Box Pregnancy Clinic		64	398	0	462
<b>Free Clinic</b>					
Samaritan House Redwood City		5	894	115	1,014
<b>SAN MATEO</b>					
<b>Community Clinic</b>					
Health Right 360		162	3,076	133	3,371
Planned Parenthood San Mateo and Baywood		742	4,685	10	5,437
San Mateo City		98	531	142	771
<b>Free Clinic</b>					
Samaritan House Free Clinic		2	769	59	830
<b>Total</b>		<b>3,515</b>	<b>15,577</b>	<b>3,176</b>	<b>22,268</b>

Source: 2015 Primary Care Clinics, OSHPD

## Long Term Care Providers

The number of licensed long term care beds has decreased by more than 27 percent from 1,255 licensed beds in 2010 to 914 beds in 2015, as shown in Figure 9 below.

**Figure 9: Reduction in Licensed Long Term Care Beds 2010 to 2015**

City	Number of Licensed Beds		
	2010	2015	Reduction
Belmont	107	107	0
Burlingame	84	62	22
Daly City	341	341	0
Millbrae	265	140	125
Pacifica	127	127	0
Redwood City	38	38	0
San Mateo	133	99	34
<b>Total</b>	<b>1,255</b>	<b>914</b>	<b>341</b>

Source: 2010 and 2015 Long Term Care Facilities, OSHPD

### Infrastructure Needs and Deficiencies

The Alfred E. Alquist Seismic Safety Act of 1983 (California Health and Safety Code Section 129675 et. seq.) and subsequent legislation require that all licensed acute-care hospitals in California comply with seismic safety standards. OSHPD has developed two ratings to indicate a hospital’s compliance with and conformance to seismic safety standards:

- The **Structural Performance Category** (SPC 1-5) rating assesses the building’s primary structure, with an SPC rating of 1 assigned to buildings that pose a significant risk of collapse following a strong earthquake and an SPC rating of 5 assigned to buildings that would be reasonably capable of providing services to the public following a strong earthquake.
- The **Non-Structural Performance Category** (NPC 1-5) rating assesses the anchorage and bracing of the building’s architectural, mechanical, and electrical systems, components, and equipment. An NPC rating of 1 is assigned to buildings where the safe and orderly evacuation after a strong earthquake cannot be assured, and an NPC rating of 5 is assigned to buildings capable of continued operation within 72 hours after a strong earthquake.

For both categories, ratings of 4-5 indicate facility conformance with standards, and 1-3 designations indicate non-conformance.

OSHPD reports SPC and NPC ratings for seven of the eight hospitals in San Mateo County (Seton Coastside is not reported). As shown in Figure 10 below, of the 42 buildings designated as “In Service” at these seven hospitals, 67 percent have SPC ratings of 1-3 (non-compliant) and 74 percent have NPC ratings of 1-3 (non-compliant).

**Figure 10: Ratings of In Service Buildings in Hospitals in San Mateo County**

Rating	Number of Buildings: SPC	Number of Buildings: NPC
1	2	0
2	17	20
3	9	11
4	3	6
5	5	0
5s <sup>a</sup>	6	0
NYA <sup>b</sup>	0	5
<b>Total</b>	<b>42</b>	<b>42</b>

Source: OSHPD, Structural and Nonstructural Performance Categories and Collapse Probability of General Acute Care Hospital Buildings (last updated February 10, 2017).

<sup>a</sup> A rating of '5s' indicates that the rating has not been verified by OSHPD

<sup>b</sup> NYA indicates not yet available.

## Areas of High Service Needs

While there are no disadvantaged unincorporated communities within or contiguous to the service areas of the healthcare districts, there are other measures developed by the federal government and by the state that indicate healthcare need and the adequacy of existing services. This section describes some of the measures used.

### Primary Care Health Professional Shortage Areas

Medical Service Study Areas (MSSAs) are geographical units used to organize and display population, demographic, and physician data. Each MSSA is composed of one or more complete census tracts; MSSAs do not cross county lines. MSSAs are recognized by the federal Health Resources & Services Administration's Bureau of Health Workforce and used to designate Health Professional Shortage Areas (HPSAs), including Primary Care, Dental, and Mental HPSAs.

Appendix IV describes each of the shortage area designations.

There are no Dental HPSAs or Mental HPSAs in San Mateo County.

One MSSA, East Menlo Park/East Palo Alto/North Fair Oaks/Redwood City East,<sup>7</sup> is designated as a Primary Care HPSA, indicating a shortage of healthcare providers on the basis of availability of primary care physicians. The Primary Care HPSA designation was made in 2002 and last updated in 2011. The recorded primary care to patient ratio is 3,976:1.

<sup>7</sup> The East Menlo Park/East Palo Alto/North Fair Oaks/Redwood City East MSSA includes census tracts 6102.01, 6102.03, 6103.02, 6104, 6105, 6106.01, 6106.02, 6107, 6108, 6117, 6118, 6119, 6120, and 6121.

Portions of this MSSA fall outside of Sequoia Healthcare District, as shown in the map in Figure 11 below.

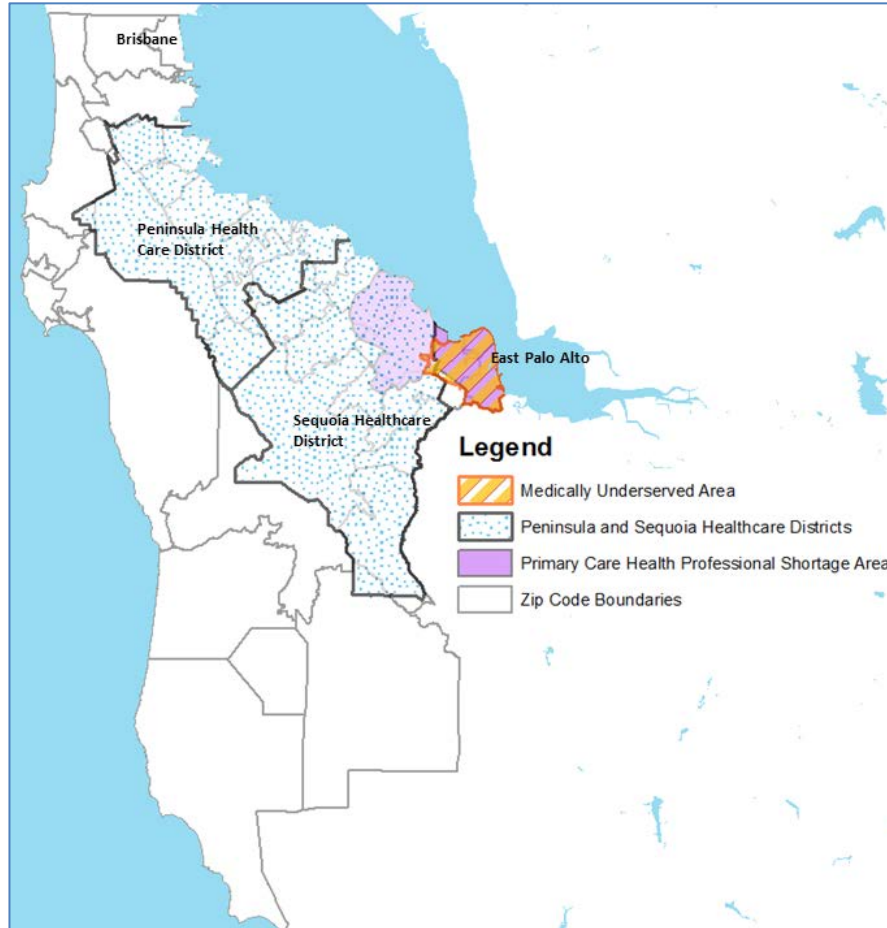
### **Medically Underserved Areas**

The Bureau of Health Workforce also manages the designation of Medically Underserved Areas and Medically Underserved Populations, which are used to determine eligibility for federal programs. Appendix V describes the Medically Underserved Area designation. East Palo Alto, East Menlo Park, and portions of Redwood City are designated as Medically Underserved Areas.<sup>8</sup> East Menlo Park and East Palo Alto fall predominantly outside the boundaries of Sequoia Healthcare District, as shown in Figure 11 below. (These three communities also fall within the Primary Care HPSA, as noted above.)

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<sup>8</sup> The Medically Underserved Areas of East Palo Alto, East Menlo Park and Redwood City consist of census tracts 6117, 6118, 6119, 6120, and 6121, all of which are part of the East Menlo Park/East Palo Alto/North Fair Oaks/Redwood City East MSSA. The Medically Underserved Area designation for these communities was last reviewed or updated in May 1994 by the California Healthcare Workforce Policy Commission.

**Figure 11: Medically Underserved Areas and Primary Care Health Professional Shortage Areas in San Mateo County**



Source: Harvey M. Rose Associates, LLC based on OSHPD data

A portion of the Primary Care Health Professional Shortage Area in San Mateo County falls within Sequoia Healthcare District, as shown above. However, nearly all of the Medically Underserved Area falls outside of Sequoia Healthcare District, which overlaps with the portion of the Primary Care Health Professional Shortage Area that falls outside of the District.

The service area of Peninsula Health Care District does not include any Medically Underserved Areas or Health Professional Shortage Areas.

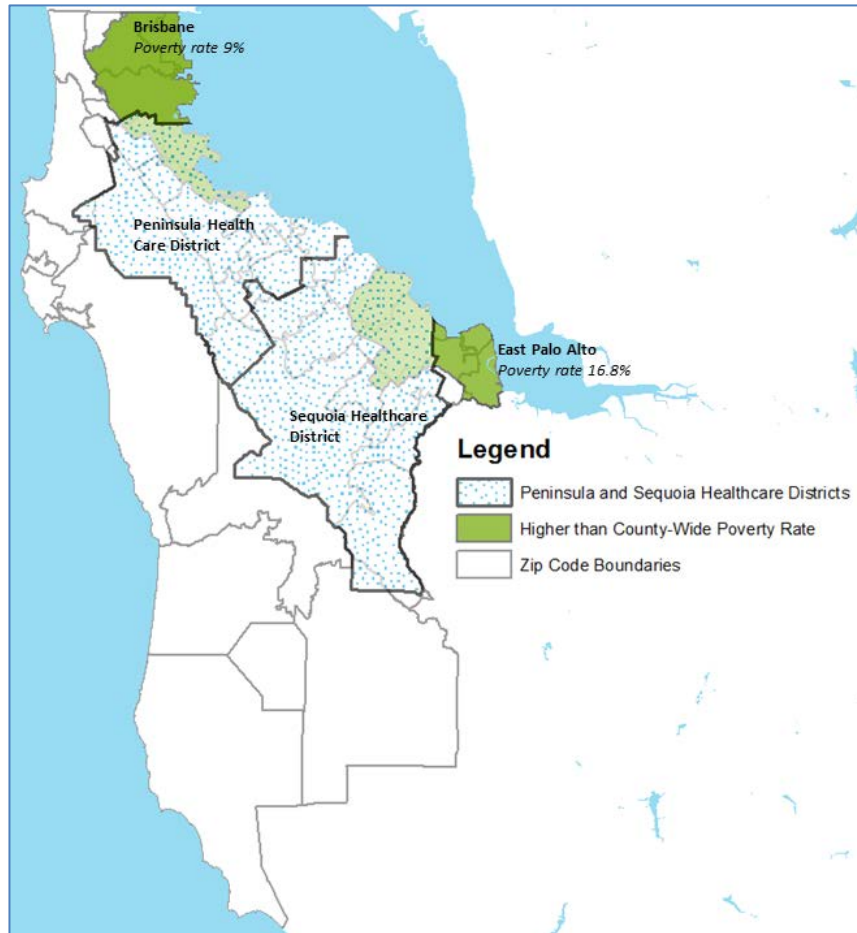
### **Areas of Poverty in San Mateo County**

The countywide poverty rate in San Mateo County (100 percent of the Federal Poverty Rate) is 8.4 percent. Appendix VI shows the poverty rates in San Mateo County by MSA. Two communities have poverty rates that are higher than the countywide rate of 8.4 percent:

(1) Brisbane/Burlingame/Colma/Daly City East/Millbrae East/San Bruno/South San Francisco with a poverty rate of 9 percent; and

(2) East Menlo Park/East Palo Alto/North Fair Oaks/Redwood City East with a poverty rate of 16.8 percent. This area is the same area designated as a Primary Care HPSA, and also contains the census tracts identified as Medically Underserved Area, as shown in Figure 12 below.

**Figure 12: Location of Medical Service Study Areas with Poverty Rates above the Countywide Rate**



Source: Harvey M. Rose Associates, LLC based on OSHPD Data

### Percentage of Individuals Over 65 Years of Age

Older adults (65 years of age and older) make up 12.5 percent of the population of San Mateo County.<sup>9</sup> The highest percentage of older adults (18.7 percent) is in the communities of Burlingame Hills/ Burlingame Southwest/ Hillsborough/ Hillsdale/

<sup>9</sup> Association of Bay Area Governments

Millbrae West/ San Bruno Central/ San Mateo West. Appendix VI shows the percentage of older adults by MSSA.

### **Community Health Needs Assessment**

Since 1995, non-profit providers, hospitals, and the County's public health department have come together as the Healthy Community Collaborative of San Mateo County to create and update a Community Health Needs Assessment. The Community Health Needs Assessment serves as a tool for guiding policy and program planning decisions, in addition to helping with the development of community benefit plans as required by California State Senate Bill 697 (1994). The most recent Community Health Needs Assessment was completed in 2016.

Appendix VII provides further details about the Community Health Needs Assessment.

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## Sequoia Healthcare District

Sequoia Healthcare District was formed in 1946 as a hospital district, operating Sequoia Hospital in Redwood City. In the 70 years since the creation of the District, Redwood City and the neighboring communities that make up the district have transformed from a developing rural/suburban to an urban area. The District boundaries no longer mark a distinct community. Both San Mateo County and the Sequoia Healthcare District are high income<sup>10</sup> and generally well-served by health providers.

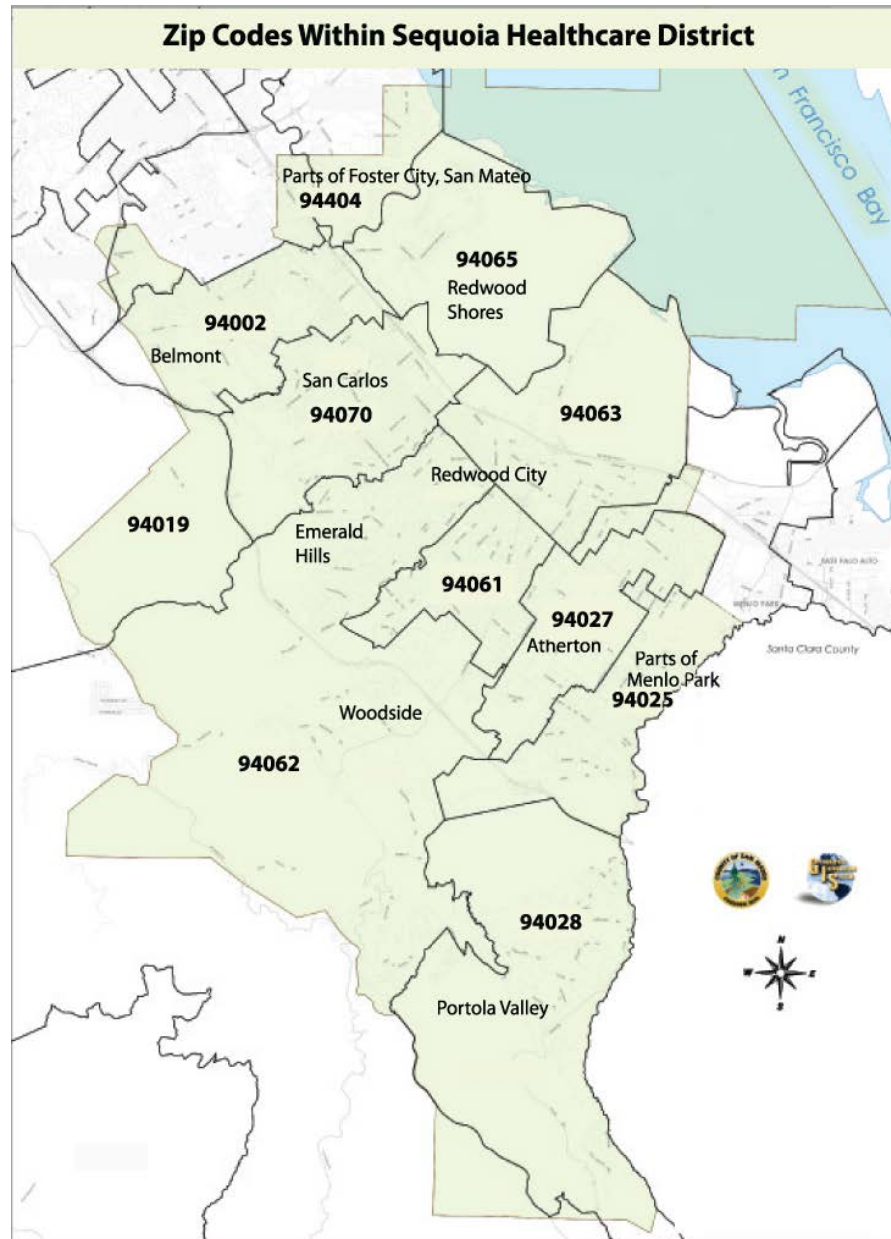
Sequoia Healthcare District includes Redwood City, Redwood Shores, San Carlos, Atherton, Portola Valley, parts of Menlo Park, and other communities. Areas not included are the adjacent communities of East Menlo Park and East Palo Alto, identified by the Health Resources & Services Administration's Bureau of Health Workforce as Medically Underserved Areas. Figure 13 below shows the communities that make up Sequoia Healthcare District.

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<sup>10</sup> As noted earlier in the report, San Mateo County is one of the three highest income counties in California. Annual median household incomes in the Sequoia Healthcare District vary by zip code from \$55,605 to \$236,500, with a midpoint of \$127,236 (see Figure 3).



Figure 13: Boundaries of Sequoia Healthcare District



Source: Sequoia Healthcare District

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### Transition from a Hospital District to a Healthcare District

Sequoia Healthcare District transferred Sequoia Hospital to a nonprofit public benefit corporation, the Hospital Acquisition Corporation, in 1996. Both Sequoia Healthcare District and the hospital manager Catholic Healthcare West (now Dignity Health) were members of the Hospital Acquisition Corporation Board. The Hospital Acquisition Corporation subsequently became Sequoia Healthcare

Services. The District entered into a development agreement with Catholic Healthcare West in 2007, in which the District gave up membership in Sequoia Healthcare Services, and Sequoia Healthcare Services was merged into Catholic Healthcare West.

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### Community Services Funded by Sequoia Healthcare District

Subsequent to the transfer of Sequoia Hospital to Dignity Health, Sequoia Healthcare District has funded community-based programs using property tax allocated to the District. Initially, the District contributed defibrillators to emergency responders, gradually increasing the level of contribution. The District has continued this program as the HeartSafe program (noted below).

The District contributes approximately \$10 million to \$11 million annually in property tax revenues to community programs and grants, as shown in Figure 14 below.

**Figure 14: Programs and Grants in FY 2015-16 and FY 2016-17**

<b>Program and Grant Allocations</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>
Grant Expenses	\$109,442	\$125,000
Children’s Health Initiative	1,200,000	0
SFSU Nursing Program	597,653	613,000
Samaritan House Medical Clinic	752,974	683,000
Other Grants	60,714	90,000
San Mateo Medical Center	469,000	537,000
Ravenswood Belle Haven Clinic	700,000	700,000
Community Grants Program	2,089,488	2,100,000
Chronic Disease Management*	39,058	58,000
Apple Tree Dental	500,000	0
Mission Hospice	500,000	500,000
Sequoia 70	0	813,000
Oral Health Coalition	0	50,000
TBD	0	1,100,510
HeartSafe	104,752	134,000
School Health	3,170,998	3,496,490
<b>Grants and Programs</b>	<b>\$10,294,079</b>	<b>\$11,000,000</b>

Source: FY 2015-16 Financial Statement and District’s FY 2016-17 Budget

\* Also referenced as the District’s Living Healthy initiative

The largest contributions from 2009 to 2016 have been to school health programs, the children’s insurance program, subsidies to nursing education programs, and grants to San Mateo Medical Center projects, including an expansion of the Ron Robinson Senior Care Center to the Fair Oaks Health Center and support for San Mateo Medical Center’s Community Care Program. According to interviews with District staff, all of these programs are targeted specifically to District residents, although the school health programs cover students who live in the school district but outside of the healthcare district.

Descriptions of the programs offered during some or all of the past three fiscal year cycles—2014-15, 2015-16, and 2016-17 (ongoing)—are presented in Appendix VIII.

### **Strategic Planning**

Every three years, Sequoia Healthcare District prepares a three-year strategic plan. The 2014-17 strategic plan covers the period beginning July 2014 and ending June 2017; the District is currently developing a new strategic plan for the upcoming three-year period beginning July 2017. The strategic plan contains a SWOT—Strengths, Weaknesses, Opportunities, and Threats—assessment, identifies six District goals, and lists strategies to achieve these goals.

Service- and program-related elements of the SWOT assessment are:

- Strengths: the District and its efforts to provide healthcare access and health services are supported by interviewees; the District has a dependable source of income from tax revenue
- Weaknesses: there is insufficient awareness of the services provided by the District among residents and potential service recipients
- Opportunities: there continues to be unmet healthcare needs; the complexities of healthcare create opportunities for better coordination and collaboration of services
- Threats: unmet healthcare needs continue to outweigh the District's funding

Four of the six 2014-17 goals are directly related to the District's services:

- To incorporate new programs to address healthcare gaps in the community
- To continue and expand the District's participation in community efforts to address health problems
- To identify and fund programs that provide health services to District residents
- To measure the impact of District-funded programs

### **Identifying Needs**

The District uses a variety of methods to identify the unmet needs for services in its jurisdiction. The District uses County-wide data like the Community Health Needs Assessment and may also conduct additional research or market surveys to identify particular needs that are specific to District residents. The District also

solicits the input of non-profits, schools, and other organizations that already provide services within the community. In some instances, initiatives like the HeartSafe program have been modeled after successful programs in other locations. Finally, some programs like the Healthy Schools Initiative have grown organically out of the District's perception of unmet need in a particular service area, supplemented by community and expert input.

#### *Community Health Needs Assessment*

Since 1995, non-profit providers, hospitals, and the County's public health department have come together as the Healthy Community Collaborative of San Mateo County to create and update a Community Health Needs Assessment. The Community Health Needs Assessment serves as a tool for guiding policy and program planning decisions, in addition to helping with the development of community benefit plans as required by California State Senate Bill 697 (1994). The most recent Community Health Needs Assessment was completed in 2016 and identifies 21 health needs, as summarized in Appendix VII.

Figure 15 below reviews which programs and services offered by the District address priority areas identified in the 2016 Community Health Needs Assessment.

**Figure 15: Sequoia Healthcare District Programs by Priority Area**

Program or Service	Childhood Obesity	Oral Health	General Health <sup>a</sup>	Diet, Fitness, Nutrition	Alzheimer's and Dementia	Cancer	Diabetes	Behavioral health and Emotional Well Being	Access and delivery	Other <sup>b</sup>
Children's Health Initiative	√			√					√	
SFSU Nursing Program										√
Samaritan House Medical Clinic			√						√	
San Mateo Medical Center			√						√	
Ravenswood Belle Haven Clinic			√						√	
Community Grants Program <sup>c</sup>	√			√				√	√	
Chronic Disease Management							√			
Apple Tree Dental		√							√	
Mission Hospice						√			√	
Sequoia 70 <sup>d</sup>				√	√				√	
Oral Health Coalition		√							√	
HeartSafe										√
School Health <sup>c</sup>	√							√	√	

Source: Harvey M. Rose Associates, LLC analysis

<sup>a</sup> General health consists of multiple priority needs identified in the 2016 Community Health Needs Assessment, including (1) communicable diseases, (2) arthritis, (3) birth outcomes, (4) cerebrovascular diseases, (5) respiratory conditions, and (6) sexual health.

<sup>b</sup> Other consists of two programs not part of the 2016 Community Health Needs Assessment: (1) funding and facilitation to support nursing education through San Francisco State University, and (2) providing defibrillators and CPR training to public programs.

<sup>c</sup> Based on 2016-17 funding; the needs served by the Community Grants Program and the School Health Program / Healthy Schools Initiative may vary from year to year depending on funding awards and allocation.

<sup>d</sup> Sequoia 70 connects seniors to programs and resources.

### Monitoring and Assessing Services

Sequoia Healthcare District requires varying levels of data reporting from its partners, depending on the type of service and contract. Overall the District supports services that fall into one of three categories: annual grants, District-funded community programs, and District initiatives that have been developed by the District.

#### Annual Grants

Sequoia Healthcare District awards annual grants through the Community Grants Program (also known as the Caring Community Grants Program); any 501(c)(3)

nonprofit organization or government agency that serves District residents is eligible to apply for a grant.

As part of the grant application, starting in the 2016-17 application cycle Sequoia Healthcare District requires applicants to report the number of clients expected to be served by zip code, as well as the total numbers of District and non-District residents expected to be served. According to the Grant Award Agreement, organizations that receive awards must submit mid-year and year-end reports to the District. The District remits the second half of the grant funding upon successful completion and acceptance of the mid-year report and a possible site visit.

During the evaluation of potential grantees, the District compares the percentage of District residents anticipated to be served against the percentage of the overall program budget for which funding has been requested. The District then requests additional information and conducts additional investigation depending on whether the District resident percentage is higher or lower than the funding request percentage.<sup>11</sup>

At the October 5, 2016 Board of Directors meeting, results of the 2015-16 Caring Community Grants were presented. According to the meeting minutes, 31,968 of the 64,193 clients served, or 49.8 percent, were District residents. The District does not track the zip code of clients who are not District residents. The District should consider further evaluation of non-District clients to identify the number who live in a Medically Underserved Area or Primary Care Health Professional Shortage Area outside of the District.

Additional statistics on grant awards in 2015-16 and 2016-17 are presented in Appendix VIII.

#### *Community Programs (District-funded)*

The District also supports community programs financially outside of the annual community grants program. According to interviews with District staff, the District does not collect as many measurable metrics from these programs as it does from the annual grantees. Community programs are typically funded under Memoranda of Understanding (MOUs) with partner organizations. The MOUs vary in the amount of information the organizations receiving District funding are required to report.

For example, a three-year MOU from July 2015 through June 2018 between the District and San Mateo Medical Center (SMMC) for the expansion of the Ron

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<sup>11</sup> The District distinguishes between “Group 1” zip codes, or zip codes that are 100 percent within the District, and “Group 2” zip codes, or zip codes that are partially within the District.

Robinson Senior Care Center (RRSCC) to the Fair Oaks Health Center, states only that SMMC shall “Provide the District semi-annual reports summarizing the SMMC/RRSCC’s accomplishments during such thirty-six month period.” In contrast, a three-year MOU from July 2015 through June 2018 between the District and Samaritan House, which operates a free clinic, states that Samaritan House shall “Provide the District semi-annual reports summarizing the health center’s accomplishments during such thirty-six month period” and also “Provide the District with a quarterly report indicating the following: Number of patient visits for each month during the quarter just ended; Number of physician volunteer hours for each month during the quarter just ended; Number of other volunteer hours for each month during the quarter just ended; Number of physician paid hours for each month during the quarter just ended; Number of other staff paid hours for each month during the quarter just ended; List of participating physicians.”

#### *District Initiatives*

Finally, the District has a small number of initiatives that it has developed and that it manages itself, rather than contracting with community organizations. These initiatives include the HeartSafe program, discussed above, the Healthy Schools Initiative, and the Living Healthy Workshops. Although these programs are managed in-house, the District still relies on outside reporting to monitor the programs. For example, the District tracks each use of a HeartSafe AED device, and the Wellness Coordinator at each school that receives Healthy Schools funding provides the District with outcome reports.

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## **Sequoia Healthcare District’s Financial Performance**

Sequoia Healthcare District’s primary source of revenue is the property tax allocation and the majority of expenditures are comprised of discretionary operating grants to community programs.

#### **Revenues**

The District’s budgeted revenues in FY 2016-17 were \$15 million, \$11 million of which were the annual property tax allocation.<sup>12</sup> Other revenue sources include rental income, and interest and investment earnings. For the FY 2016-17 and prior year budget, the District did not include an economic return on the equity contribution made by the District to Sequoia Hospital. This is detailed in Figure 16 below.

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<sup>12</sup> Sequoia Healthcare District receives approximately \$0.14 per \$1,000 assessed valuation (or 1.4 percent of the one percent property tax rate).

### *Property Taxes*

Property tax revenues increased by an average of 8.7 percent per year between FY 2012-13 and FY 2015-16 due to the increase in San Mateo County property values. According to the County Assessor, the increase in FY 2016-17 is expected to be 7.6 percent. Actual and projected property tax revenues have exceeded budgeted revenues from FY 2012-13 through FY 2016-17.

### *Contributions from Sequoia Hospital*

Sequoia Healthcare District transferred Sequoia Hospital to a nonprofit public benefit corporation, the Hospital Acquisition Corporation, in 1996 for a payment by the Corporation to the District of \$20 million. Both the Sequoia Healthcare District and the hospital manager Catholic Healthcare West (now Dignity Health) were members of the Hospital Acquisition Corporation Board. The Hospital Acquisition Corporation subsequently became Sequoia Healthcare Services.

The District entered into a development agreement with Catholic Healthcare West in 2007<sup>13</sup> in which the District contributed \$75 million toward the construction of a new hospital, which had an estimated project cost of \$240 million. In exchange for the equity contribution of \$75 million, Sequoia Healthcare District is to receive an annual contribution from Dignity Health through 2047. This contribution is calculated based on Sequoia Hospital's Operating Earnings Before Interest, Depreciation, and Amortization (EBIDA). Actual contributions received by the District from Dignity Health since FY 2008-09 are \$28.4 million or nearly 65 percent less than estimated, as shown in Figure 16 below.<sup>14</sup> The District did not budget a contribution for FY 2016-17 or FY 2015-16.

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<sup>13</sup> Under the agreement, the District gave up membership in Sequoia Healthcare Services, and Sequoia Healthcare Services was merged into Catholic Healthcare West.

<sup>14</sup> Sequoia Hospital reported an operating loss of \$6.4 million for the year ending June 30, 2015 and nearly \$20 million for the year ending June 30, 2016. According to OSHPD, Sequoia Hospital's inpatient days decreased by 49 percent and patient discharges decreased by 33 percent between 2008 and 2016.



**Figure 16: Estimated and Actual Contribution by Sequoia Hospital to the District from FY 2008-09 to FY 2015-16**

	<b>Estimated Contribution</b>	<b>Actual Contribution</b>	<b>Difference</b>
FY 2008-09	\$5,187,000	\$2,142,000	(\$3,045,000)
FY 2009-10	5,759,000	6,272,000	513,000
FY 2010-11	6,138,000	2,479,000	(3,659,000)
FY 2011-12	5,697,000	2,158,000	(3,539,000)
FY 2012-13	5,239,000	2,114,000	(3,125,000)
FY 2013-14	3,853,000	127,000	(3,726,000)
FY 2014-15	3,867,000	352,000	(3,515,000)
FY 2015-16	4,034,000	0	(4,034,000)
FY 2016-17 <sup>a</sup>	4,311,000	0	(4,311,000)
<b>Total</b>	<b>\$44,085,000</b>	<b>\$15,644,000</b>	<b>(\$28,441,000)</b>

Source: District Documents and Audited Financial Statements

<sup>a</sup> The District's FY 2016-17 budget does not include a contribution from Sequoia Hospital.

### **Expenditures**

The District's budgeted expenditures in FY 2016-17 were \$15.7 million, consisting of administrative expenses, grants to community based organizations, District program costs, and property maintenance. While the District budgeted to transfer more than \$700,000 from District Reserves to cover the difference between budgeted revenues and expenditures, actual revenues from property taxes may make up the difference.

The District does not have long-term expenditures obligations (except for prior pension costs, discussed below) that would cause its expenditures to exceed its revenues over the long term. The District has grant commitments to Ravenswood Family Health Center, San Francisco State University (SFSU) nursing program, and Mission Hospice to 2017 and to San Mateo Medical Center's Fair Oaks Health Center and Mission Hospice to 2018.

The District also has property-related expenses, including depreciation, of approximately \$130,000 per year, exceeding property rents by approximately \$80,000 per year.

Figure 17 below shows FY 2015-16 actual revenues and expenditures and FY 2016-17 budgeted revenues and expenditures.

**Figure 17: Sequoia Healthcare District Revenues and Expenditures FY 2015-16 and FY 2016-17**

	FY 2015-16 Actual	FY 2016-17 Budget	Change from FY 2015-16 Actual	Percent
<b>Revenues</b>				
Rental Income	\$46,057	\$48,048	\$1,991	4%
Property Tax <sup>a</sup>	11,145,838	11,000,000	(145,838)	-1%
Investment	188,780	150,000	(38,780)	-21%
Interest	6,438	7,700	1,262	20%
Pension (see below)	2,600,000	3,800,000	1,200,000	46%
<b>Total Revenue</b>	<b>\$13,987,113</b>	<b>\$15,005,748</b>	<b>\$1,018,635</b>	<b>7%</b>
<b>Expenditures</b>				
Administrative Expenses <sup>b</sup>	\$607,734	\$792,100	\$184,366	30%
Pension Plan (see below)	<u>2,600,000</u>	<u>3,800,000</u>	<u>1,200,000</u>	46%
Subtotal Administration	3,207,734	4,592,100	1,384,366	43%
Subtotal Grants and Programs	10,294,079	11,000,000	705,921	7%
Property-Related (incl. depreciation)	133,330	127,500	(5,830)	-5%
<b>Total Expenditures</b>	<b>\$13,635,143</b>	<b>\$15,719,600</b>	<b>\$1,939,160</b>	<b>14%</b>
Revenues Less Expenditures	\$351,970	(\$713,852)	(\$1,065,822)	

Source: FY 2015-16 Financial Statement and District's FY 2016-17 Budget

<sup>a</sup> We estimate FY 2016-17 property tax revenues of approximately \$12.0 million, based on the Assessor's estimate of 7.6 percent growth in assessed valuation.

<sup>b</sup> The increase in administrative expenditures in FY 2016-17 compared to FY 2015-16 is to fund non-recurring expenses for district board elections and professional services for website development.

### The District's Financial Condition

The District's approach to its finances is generally conservative. The District's actual revenues of nearly \$14.0 million in FY 2015-16 exceeded budgeted revenues of \$12.9 million by approximately \$1.1 million, an increase of 8 percent. The District's actual revenues in FY 2016-17 will also likely exceed budgeted revenues due to higher than budgeted property tax receipts. The District has not included contributions from Sequoia Hospital in the FY 2015-16 and FY 2016-17 budgets.

The District's unrestricted funds as of June 30, 2016 were \$15,004,830, a decline of 14 percent compared to the June 30, 2013 unrestricted funds of \$16,670,942.<sup>15</sup> Figure 18 below shows the four-year change in the District's unrestricted funds.

<sup>15</sup> At the time of the MSR in 2007, Sequoia Healthcare District reported unrestricted funds of \$13.3 million in FY 2003-04, \$16.8 million in FY 2004-05, and \$18.2 million in FY 2005-06.

**Figure 18: Change in the District's Fund Balance FY 2013-14 to FY 2015-16**

	6/30/2013	6/30/2014	6/30/2015	6/30/2016
<b>Assets</b>				
Cash and Investments	\$18,612,319	\$14,750,998	\$15,395,109	\$16,009,592
Taxes, Pre-paid Expenses	24,136	314,203	528,700	688,442
Pension Reimbursement <sup>a</sup>			24,266,000	26,904,000
Capital Assets - Net	769,889	708,583	728,359	642,795
<b>Total Assets</b>	<b>\$19,406,344</b>	<b>\$15,773,784</b>	<b>\$40,918,168</b>	<b>\$44,244,829</b>
Deferred Outflows Pension <sup>a</sup>			\$2,600,000	\$2,600,000
<b>Liabilities</b>				
Accounts, Grants, Payroll <sup>b</sup>	\$1,965,513	\$1,466,870	\$1,996,133	\$2,332,834
Deposit Payable	3,165	3,165	3,165	3,165
Pension Liability <sup>a</sup>			23,421,000	26,059,000
<b>Total Liabilities</b>	<b>\$1,968,678</b>	<b>\$1,470,035</b>	<b>\$25,420,298</b>	<b>\$28,394,999</b>
Deferred Inflows Pension <sup>a</sup>			\$3,445,000	\$3,445,000
Net Capital Assets	\$766,724	\$705,418	\$725,194	\$639,630
Unrestricted	16,670,942	13,598,331	13,927,676	14,365,200
<b>Total Net Position</b>	<b>\$17,437,666</b>	<b>\$14,303,749</b>	<b>\$14,652,870</b>	<b>\$15,004,830</b>

Source: District's audited financial statements

<sup>a</sup> Dignity Health pays Sequoia Healthcare District each year for the District's pension liabilities for District employees prior to the transfer of Sequoia Hospital in 1996.

<sup>b</sup> Includes accounts payable, grants payable, and accrued payroll.

Sequoia Healthcare District sold Sequoia Hospital to Dignity Health in 2007. The only real property currently owned by the District is an office building in Redwood City, used for its offices and leased space to a private insurance company.

The District does not have any outstanding debt.

#### *The District's Fiduciary Responsibility for Former Hospital District Pensions*

Under the 1996 Memorandum of Understanding between Sequoia Healthcare District and Catholic Healthcare West, the Hospital Acquisition Corporation (which subsequently became Sequoia Healthcare Services, the operator of Sequoia Hospital) assumed full responsibility for the pension liabilities of the former Sequoia Hospital District employees. Dignity Health (which is the former Catholic Healthcare West) makes annual payments to Sequoia Healthcare District toward this pension liability. The FY 2015-16 payment was \$2.6 million as shown in Figure 17 above, increasing to \$3.8 million in FY 2016-17.

According to the District's audited financial statement for the year ending June 30, 2016, the District's total pension liability was \$83.7 million, of which \$57.6 million was funded (69 percent) and \$26.1 million was unfunded (31 percent). The unfunded pension liability as of June 30, 2016 of \$26.1, shown in Figure 18 above,

was an increase of \$2.6 million from the unfunded pension liability of \$23.4 million as of June 30, 2015.<sup>16, 17</sup>

The annual pension contribution by Dignity Health increased to \$3.8 million in FY 2016-17, as noted above, and is expected to remain at this amount going forward.

#### *The District's Investments for General and Fiduciary Funds*

According to the District's audited financial statement for the year ending June 30, 2016, the District's financial investments comply with California Government Code and District Board policies. Total investments consist of \$53.7 million in pension funds, invested in money market and mutual funds, and \$10 million in general funds, invested mostly in U.S. Treasuries and municipal and corporate bonds with ratings of AA or higher.

#### **The District's Revenues and Expenditures over the Next Three Fiscal Years**

While the District is assured of property tax revenues, the District has discretion in funding grants and programs. The District does not have debt or property obligations and therefore can adjust annual spending to meet annual revenues. We estimate that actual FY 2016-17 property tax revenues will exceed budgeted property tax revenues by approximately \$900,000 and property tax revenues will increase in FY 2017-18 through FY 2019-20 by about 3 percent per year.<sup>18</sup> We estimate growth in expenditures of approximately 2.3 percent per year.<sup>19</sup> The District's projected revenues in FY 2017-18 through FY 2019-20 should be sufficient to cover expenditures, as shown in Figure19 below.

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<sup>16</sup> The unfunded liability increased from 28 percent in FY 2014-15 to 31 percent in FY 2015-16. Total pension liability declined from \$84.1 million in FY 2014-15 to \$83.7 million in FY 2015-16 (due to \$0.4 million in net benefit payments), while the funded liability declined from \$60.6 million (72 percent) in FY 2014-15 to \$57.6 million (69 percent) in FY 2015-16.

<sup>17</sup> As noted in the District's FY 2015-16 audited financial statement, although the liability for the pension plan for former Sequoia Hospital District employees prior to 1996 was assumed by Sequoia Health Services, the pension plan cannot be transferred to Sequoia Health Services. The District continues to be liable for the funding of this plan in the event of default by Sequoia Health Services.

<sup>18</sup> Extrapolated from projected growth in property tax revenues in the San Mateo County FY 2015-17 Budget Book.

<sup>19</sup> Estimated average annual inflation 2016 through 2020 for San Mateo County per [www.dot.ca.gov](http://www.dot.ca.gov).

**Figure 19: Projected Revenues and Expenditures FY 2016-17 to FY 2019-20**

	<b>FY 2016-17 Projection</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Revenue</b>				
Rental Income	\$48,048	\$49,489	\$50,974	\$52,503
Property Tax	11,992,922	12,412,674	12,847,118	13,296,767
Investment	150,000	150,000	150,000	150,000
Interest	7,700	7,700	7,700	7,700
Pension	3,800,000	3,800,000	3,800,000	3,800,000
<b>Total Revenue</b>	<b>\$15,998,670</b>	<b>\$16,419,863</b>	<b>\$16,855,792</b>	<b>\$17,306,970</b>
<b>Expenditures</b>				
Administrative Expenses	\$792,100	\$636,011	\$850,640	\$665,604
Pension Plan	3,800,000	3,800,000	3,800,000	3,800,000
<b>Subtotal Administration</b>	<b>\$4,592,100</b>	<b>\$4,436,011</b>	<b>\$4,650,640</b>	<b>\$4,465,604</b>
Grant Expenses	\$125,000	\$127,875	\$130,816	\$133,825
SFSU Nursing Program	613,000	0	0	0
Samaritan House Medical Clinic	683,000	698,709	714,779	731,219
San Mateo Medical Center	537,000	549,351	561,986	574,912
Ravenswood Belle Haven Clinic	700,000	716,100	732,570	749,419
Mission Hospice	500,000	511,500	523,265	535,300
Sequoia 70	813,000	831,699	850,828	870,397
Oral Health Coalition	50,000	51,150	52,326	53,530
Heart Safe	134,000	137,082	140,235	143,460
School Health	3,496,490	3,576,909	3,659,178	3,743,339
Other Grants and Programs	3,348,510	4,257,225	4,355,141	4,455,309
<b>Subtotal Grants and Programs</b>	<b>\$7,651,490</b>	<b>\$11,457,600</b>	<b>\$11,721,125</b>	<b>\$11,990,711</b>
Property-Related (including depreciation)	127,500	130,433	133,432	136,501
<b>Total Expenditures</b>	<b>\$15,719,600</b>	<b>\$16,024,044</b>	<b>\$16,505,197</b>	<b>\$16,592,816</b>
Revenues Less Expenditures	\$279,070	\$395,820	\$350,595	\$714,154

Source: District budget, Harvey M. Rose Associates, LLC projections

### **The District's Financial Risks Going Forward**

The greatest financial risk to Sequoia Healthcare District comes from the financial health of Sequoia Hospital. While the District has no financial obligation to Sequoia Hospital, the District contributed \$75 million in public funds to the reconstruction of the hospital which it is unlikely to recoup. According to the District's Executive Director, the District is reviewing the ability of Sequoia Hospital to make the annual payments to the District provided in the 2007 development agreement.

In addition, the District is responsible for the unfunded pension liability of \$26 million for employees of the former Sequoia Hospital District prior to 1996. Currently, Sequoia Hospital is making annual payments to the District toward the unfunded pension liability, but if the Sequoia Hospital should fail to make required payments, the District would be required to fund the pension liability.

Both of these financial risks would result in reduced funding for health services provided to District residents.

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## The District's Governance and Accountability

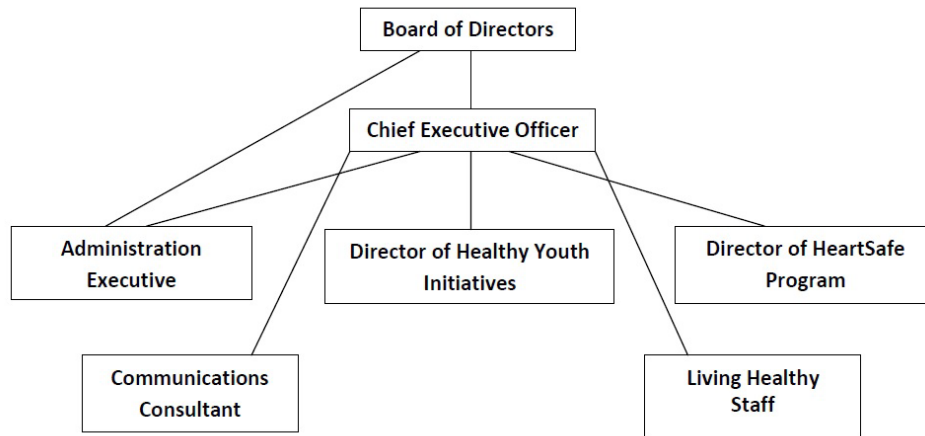
Sequoia Healthcare District is governed by an elected five-member board. Board members are elected to four-year terms and elections are at-large and held during general elections in even years.

The District board has adopted policies that conform with the Brown Act (California Government Code Section 54952(b)(3)), including holding regular public meetings, noticing these meetings at least 72 hours in advance, making the agenda and supporting documentation available to the public, and allowing for public comment in the meetings.

The District board is responsible for the finances of the District, including annual review of the audited financial statements, approval of an annual budget, and periodic budget updates during the fiscal year. The District board is also responsible for awarding funds to programs and community based organizations and that those funds are used for the purpose for which they are intended. According to interviews, the board reviews the effectiveness of the organizations receiving grants. Funds are disbursed in discrete allotments during the year; if the organization is not performing to the standards in the funding agreement, the subsequent allotments may be withheld.

The District appoints the chief executive officer, who oversees day-to-day administration of the District and implementation of the board's policies. In addition to the chief executive officer, the Sequoia Healthcare District has one full-time staff, three part-time staff, and five contract staff, including the director of programs and grants, HeartSafe program coordinator, and executive coordinator. Figure 20 shows the District staffing structure, which is not posted online but was provided by the District upon request.

**Figure 20: District Staffing Structure**



Source: Sequoia Healthcare District

While the District maintains a website, announcing district programs, policies, finances, and board meetings, according to interviews, District residents are not generally well aware of the District’s purpose and functions, as identified in the District’s current Strategic Plan. The District board meets six to seven times per year. Meetings and agendas and minutes of prior meetings are posted on the District website. District staff and representatives from programs and community based organizations attend the meetings. According to interviews, the District is seeking ways to be more visible. For example, the District sends its annual report to 86,000 households in the District, and the chief executive officer of the District makes presentations to service organizations in the area.

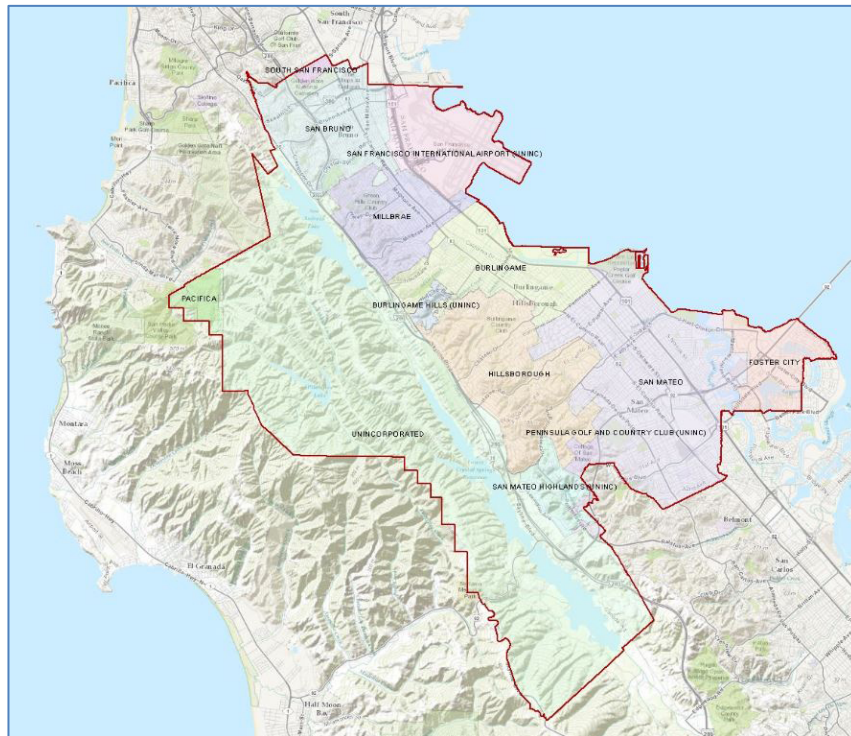
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## Peninsula Health Care District

Peninsula Health Care District was formed in 1947 as a hospital district responsible for developing and opening a hospital in San Mateo County. In the 70 years since the creation of the district, Burlingame and the neighboring communities that make up the district have transformed from a developing suburban to an urban community. The District boundaries no longer mark a distinct community. Both San Mateo County and Peninsula Health Care District are high income<sup>20</sup> and generally well-served by health providers.

Peninsula Health Care District includes the cities of San Bruno, Millbrae, Burlingame, Hillsborough, and parts of Foster City, as well as unincorporated areas. Figure 21 below shows the communities that make up Peninsula Health Care District.

**Figure 21: Boundaries of Peninsula Health Care District**



Source: Peninsula Health Care District

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<sup>20</sup> As noted earlier in the report, San Mateo County is one of the three highest income counties in California. Annual median household incomes in the Peninsula Health Care District vary by zip code from \$72,800 to \$229,097, with a midpoint of \$107,658 (see Figure 4).



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## Transition from a Hospital District to a Healthcare District

The Peninsula Hospital, which opened in 1954, was leased by the Peninsula Hospital District to Mills-Peninsula Health Services in 1985. Subsequently, the District (now a healthcare rather than a hospital district) entered into a master agreement with Mills-Peninsula Health Services, in which Mills-Peninsula Health Services built a new hospital compliant with California seismic standards and entered into a long term ground lease with the District. The master agreement required Mills-Peninsula Health Services to maintain the following core clinical services: intensive care, surgical, obstetrics and newborn, general acute care, laboratory, and mental health services. According to the master agreement, while Mills-Peninsula Health Services may terminate core clinical services that are determined to be financially infeasible, the District has the right to require Mills-Peninsula Health Services to continue core clinical services subsidized by the District.

The master agreement was approved by the voters in 2006, and the new hospital opened in 2011. Under the agreement, Peninsula Health Care District acts as landlord and real estate manager, but does not operate the hospital.

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## Programs Funded by Peninsula Health Care District

### District Goals

Peninsula Health Care District defines its strategic goals as:

1. Assisting District residents in achieving optimal health through education, prevention, and access to needed high quality healthcare..
2. Supporting diverse programs that allow for the development of health equity, reduction in disparities, and improvement of the health of all District residents.
3. Carrying our responsible stewardship of all District assets, which includes management of real estate.

While Peninsula Health Care District awards some funds to community programs, the District's focus has primarily been the holding, management, and development of District-owned property. The District's properties, in addition to the property leased to Mills-Peninsula Health Services for Peninsula Hospital, are generally leased as professional office buildings and for outpatient programs. The property at 430 North El Camino Real is used for the Apple Tree Dental Program and the property at 1819 Trousdale Drive is used as the District's offices. Development of District-owned property for the Assisted Living and Memory Care facility and for the Peninsula Wellness Center is discussed in more detail below.

## Community Programs and Grants

The District's major community programs have been the Healthy Schools Initiative, Apple Tree Dental Center, and Access to Care for Everyone. In FY 2012-13 through FY 2014-15, the District allocated:

- (a) \$4.1 million to the Healthy Schools Initiative<sup>21</sup> over three years to pay for school-based health programs;
- (b) \$1.4 million to set up the Apple Tree Dental program;<sup>22</sup> and
- (c) \$4.6 million in FY 2012-13 and FY 2013-14 to the Access to Care for Everyone (ACE) program to support healthcare to low-income, uninsured adults in the District.

A summary of the budgeted program and grant allocations in 2016-17 and the actual expenditures in 2015-16 is shown below in Figure 22.

**Figure 22: Programs and Grants in FY 2015-16 and FY 2016-17**

<b>Program and Grant Allocations</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>
Community Health Grants	\$1,906,723	\$1,450,000
Teen Mental Health Project		500,000
San Bruno School Clinic		50,000
Community Outreach and Other		144,500
Peninsula Wellness Center	1,127,377	1,225,400
Administration	999,712	988,325
<b>Total Expenditures</b>	<b>4,033,812</b>	<b>4,358,225</b>

Source: FY 2015-16 Financial Statement and District's FY 2016-17 Budget

Peninsula Health Care District awards approximately \$2.0 million in grants to local organizations. Program funding decisions are made by the District's Board of Directors, receiving input from an advisory committee consisting of two Board members, healthcare providers, and at-large community members. An assessment by the District in 2016 identified teen mental health issues as a major need and the District allocated \$500,000 of the \$2.0 million in FY 2016-17 grants to teen mental health services. The 2016-17 District Health Priorities are:

- Access to basic healthcare and mental health services
- Childhood obesity and nutrition

<sup>21</sup> Peninsula Health Care District has allocated a \$4 million impact grant to five Peninsula school districts (Burlingame, Hillsborough, Millbrae, San Bruno, and San Mateo/Foster City) for health and wellness programs in 39 K-8 schools. The money is used to fund positions (such as school nurses), programs, and materials that address students' priority physical and mental health needs.

<sup>22</sup> The District conducted a needs assessment in 2012 that identified dental care as a major need. Apple Tree Dental Center consists of a Center for Dental Health and a mobile dental outreach program, offering general dentistry, specialty dental care, and dental treatment in nursing care, assisted living facilities, group homes, and schools. The Dental Center is located on District-owned property that is leased to Apple Tree Dental, a non-profit organization based in Minnesota. The District assisted Apple Tree Dental with financing the tenant improvements and equipment purchases, as well as a \$2 million impact grant for operating capital through the launch.

- Senior services that promote quality of life and independence while living in the community
- Reduction of health risks through education and prevention

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## Development Projects

### Assessment of Need for Senior Services

The District is implementing two major development projects: the Assisted Living and Memory Care facility at 1600 Trousdale, and the Peninsula Wellness Community. A needs assessment in 2007 for the San Mateo County Health Department identified the service needs for the County's projected aging population, and subsequent studies for the Peninsula Health Care District identified types of services—including housing and institutional care—that could be provided.

A consultant, Gerontological Services, Inc., prepared a market assessment in 2012 for Eskaton Senior Residences and Services (Eskaton), a private nonprofit provider, and the Peninsula Health Care District for the development of a senior assisted living and memory care facility. The market assessment projected growth in the number of adults aged 65 and older, and especially growth in the number of older adults aged 85 and older. The market assessment also noted the relatively high income of District households, which has attracted private developers to the market for assisted living facilities. At the time of the market assessment, there were six market-rate assisted living facilities in the area. However, according to the market assessment, as many as 964 additional beds may be needed.

### The District's Assisted Living and Memory Care Project

The District decided to develop a senior assisted living and memory care project on District-owned property at 1600 Trousdale Drive,<sup>23</sup> which would be operated by Eskaton. The project is under construction with a completion date in 2018.

The District set up the Peninsula Health Care Development Corporation as a non-profit corporation to develop the senior assisted living and memory care project, and established a separate fund to account for project costs. The District also set up the Peninsula Health Care District Financing Corporation in FY 2013-14 to finance the construction of the senior assisted living and memory care project.

Project costs of \$80.8 million are funded by District equity contributions of \$30.8 million and debt issuance of \$50 million. The District issued \$40 million in Certificates of Participation (COPS) in 2014 to finance the project with the

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<sup>23</sup> 1600 Trousdale Drive was used as District offices, which were moved to 1819 Trousdale Drive, purchased by the District in Fy 2014-15 for \$2.1 million, in order to make 1600 Trousdale Drive available for the projects.

intention to issue an additional \$10 million in debt in 2017. Project financing and costs are shown in Figure 23 below.

**Figure 23: Financing and Costs of Senior Assisted Living and Memory Care Project**

	<b>Total Sources</b>	<b>2015 and Prior</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Sources</b>					
2014 Loan	\$40,000,000	\$40,000,000			
2017 Loan	10,000,000			10,000,000	
Equity	30,821,000	3,000,000	3,000,000	13,500,000	11,321,000
<b>Total Sources</b>	<b>\$80,821,000</b>	<b>\$43,000,000</b>	<b>\$3,000,000</b>	<b>\$23,500,000</b>	<b>\$11,321,000</b>
<b>Uses</b>					
<u>Project Costs</u>					
Construction	\$57,300,000			\$40,000,000	\$17,300,000
Soft Costs	8,240,000	3,860,000	2,500,000	880,000	1,000,000
Marketing	1,140,000	200,000	400,000	400,000	140,000
Pre-operating	800,000				800,000
Operating	4,000,000				4,000,000
Contingencies	2,150,000		250,000	1,000,000	900,000
Subtotal Project Costs	\$73,630,000	\$4,060,000	\$3,150,000	\$42,280,000	\$24,140,000
<u>Loan Costs</u>					
<i>Loan Financing Costs</i>					
2014 Loan	\$630,000	\$630,000			
2017 Loan	200,000				200,000
<i>Loan Interest Payments</i>					
2014 Interest	2,650,000	950,000	1,570,000	130,000	0
2017 Interest	117,000	0	0	0	117,000
Principal/Interest	3,594,000	0	0	2,080,000	1,514,000
Subtotal Loan Costs	\$7,191,000	\$1,580,000	\$1,570,000	\$2,210,000	\$1,831,000
<b>Total Uses</b>	<b>\$80,821,000</b>	<b>\$5,640,000</b>	<b>\$4,720,000</b>	<b>\$44,490,000</b>	<b>\$25,971,000</b>

Source: Hendrickson Consulting Financial Forecast, March 14, 2016

When the project was planned in 2013, the estimated project cost was \$55.5 million, which increased by \$25.3 million to \$80.8 million in 2017. The increase in project costs is to be funded by (a) an increase in the District's equity contribution by \$15.3 million, from \$15.5 million to \$30.8 million; and (b) an increase in total debt by \$10 million, from \$40 million to \$50 million.

The project will consist of 124 residential units for senior assisted living and memory care. The financial projections for the project are based on most units being rented at market rate. Rent subsidies for affordable units equal approximately one percent of total market rate rents under the financial

projections.<sup>24</sup> The financial projections show positive cash flow over the first five years of the project, as shown in Figure 24 below.

**Figure 24: Projected Cash Flow for Senior Assisted Living and Memory Care Project 2018 to 2022**

	2018	2019	2020	2021	2022
Revenues	\$2,900,000	\$7,970,000	\$10,808,000	\$12,704,000	\$13,085,000
Expenses	(3,633,000)	(6,357,000)	(7,341,000)	(8,414,000)	(8,666,000)
Net Revenues	(\$733,000)	\$1,613,000	\$3,467,000	\$4,290,000	\$4,419,000
Capital Expenditures	\$0	(\$80,000)	(\$108,000)	(\$127,000)	(\$131,000)
Debt Service	(1,145,000)	(2,894,000)	(3,184,000)	(3,186,000)	(3,192,000)
Operating Deficit <sup>a</sup>	2,500,000	1,500,000			
Net	\$1,355,000	(\$1,474,000)	(\$3,292,000)	(\$3,313,000)	(\$3,323,000)
<b>NET CASH FLOW</b>	<b>622,000</b>	<b>139,000</b>	<b>175,000</b>	<b>977,000</b>	<b>1,096,000</b>

Source: Hendrickson Consulting Financial Forecast, March 14, 2016

<sup>a</sup> The pro forma projections assume a \$4 million operating subsidy in the first two years, funded from the \$80.8 million capital budget (this funding is listed in Figure 23 above as "Project Costs, Operating").

The projections in Figure 24 above are based on 92 percent occupancy of the residential units. If occupancy falls below 92 percent or operating expenses are higher than projected, the senior assisted living and memory care project may have reduced or even negative net cash flow. According to management's discussion in the audited financial statement for the year ending June 30, 2016:

"2015 and 2016 demographic studies of the local senior market reaffirm the rapid aging of this area and the current and future demand for supportive housing such as assisted living. As a result, three senior for-profit housing companies have entered the market and opened facilities [Sunrise, Atria, and Kensington]. This could slow occupancy for the District's facility and prolong the financial stabilization. To recognize this challenge, the pro forma and financial projections were revised before the decision to go forward was determined."

Sunrise opened a 97-bed assisted living facility in 2015, one block from the District's new facility at 1600 Trousdale Drive.<sup>25</sup>

<sup>24</sup> The projected subsidy is calculated at \$750 per month for ten units. This subsidy of \$750 per month would still result in per unit costs to the resident of more than \$5,000 per month or \$60,000 per year based on the information in the March 2016 Financial Forecast by Hendrickson Consulting.

The District does not have a formal policy on whether the senior assisted living and memory care project should be affordable to low-income residents. Because private providers are willing to develop market rate senior assisted living facilities, the District should evaluate the best use of public funds to serve District residents, including increasing access by low-income residents to District services.<sup>26</sup>

### **Peninsula Wellness Community**

The Peninsula Health Care District has proposed development of approximately 8 acres of District property located between Peninsula Hospital and Marco Polo Way. The property includes space returned to the District by Peninsula Hospital that remained after completion of the rebuild of the medical center and demolition of the old hospital site, and other adjacent properties acquired by the District to provide access to Marco Polo Way.

According to District documents, the master plan for the Peninsula Wellness Community is a multi-use residential/commercial project, providing for senior housing and support services, a professional/medical office/research building, cafes and amenities, community space, and pre-school and education space. The City of Burlingame began the environmental review process in January 2017. The project as defined may facilitate but does not generally provide direct healthcare programs and services.

The District will enter into a ground lease with a private developer (or developers), who would finance and construct the facilities that are largely designated for private uses, such as housing and medical offices, with some senior services and community space designated for the community. As envisioned, the District will not staff or operate the facilities, but will generate income from a ground lease (or leases) to private entities that will finance and operate facilities located on the property.

The District is planning to issue an RFP to developers in 2017. It anticipates that the responses to the RFP will serve to better define project scope.

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<sup>25</sup> According to California Department of Social Services data, the total number of assisted living beds in San Mateo County was 5,131 (the County had a net increase in assisted living beds between 2012 and 2016 of 58 beds). San Mateo County has a larger number of beds per adults 65 years and older (4.8 percent) than the two other California counties with the same level of high income: Marin (4.1 percent) and San Francisco (2.9 percent).

<sup>26</sup> As shown in Appendix VI, while the percentage of District households with incomes at 200 percent and 100 percent of the federal poverty level is lower than in other areas of San Mateo County, approximately 10 percent to 16 percent of households in the District have incomes at 200 percent of the federal poverty level. In 2016, 200 percent of the federal poverty level for a two-person household was approximately \$32,000. One program that would be available to the District is the Medi-Cal Assisted Living Waiver that allows Medi-Cal to pay for assisted living for eligible individuals. The waiver was made available by the California Department of Health and Human Services to the County of San Mateo.

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## Peninsula Health Care District's Financial Performance

The Peninsula Health Care District's revenues come mostly from property taxes and leases. While some expenditures are for community programs, much of the District's expenditures are allocated to development projects.

### Revenues

The District's budgeted revenues in FY 2016-17 were \$8.4 million, of which \$5.4 million were the annual property tax allocation.<sup>27</sup> Most other revenues come from leases, including the ground lease with Mills-Peninsula Health Services for Peninsula Hospital, and interest and investment earnings.

#### *Property Taxes*

Property tax revenues increased by an average of 6.8 percent per year between FY 2012-13 and FY 2015-16 due to the increase in property values in San Mateo County. According to the County Assessor, the increase in FY 2016-17 is expected to be 7.6 percent. Actual and projected property tax revenues have exceeded budgeted revenues from FY 2012-13 through FY 2016-17.

#### *Peninsula Health Care District Leases*

The District leases four properties to private tenants:

- (a) 1875 Trousdale Drive, which expires in February 2018;
- (b) 430 El Camino Real, which expires in January 2025 and can be extended to 2030; and
- (c) 1720 Marco Polo Way and 1740 Marco Polo Way, leased to various tenants with varying lease expiration dates.

FY 2016-17 lease revenues from these four properties are budgeted at \$647,178.

#### *Agreement with Mills Peninsula*

The District leased Peninsula Hospital, located at 1783 El Camino Real, to Mills-Peninsula Health Services (now owned by Sutter Health) in 1985, and donated the District's interest in several District properties to Mills-Peninsula.<sup>28</sup> The District sued Mill-Peninsula in 1997 over the donation of these properties.<sup>29</sup> Subsequent to the lawsuit and implementation of California requirements for hospitals to

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<sup>27</sup> Peninsula Health Care District was not able to provide details on the portion of the 1 percent property tax rate allocated to the District.

<sup>28</sup> The properties included: 1515 Trousdale Drive (land only), 1791 El Camino Real, 1730 Marco Polo Way, 1811 Trousdale Drive, 1600 Trousdale Drive (land only), 1848-1850 El Camino Real, 1720 El Camino Real (50 percent interest), and Davis Drive driveway access.

<sup>29</sup> The suit alleged that members of the District board had conflicts of interest in 1985 when the properties were donated to Mills-Peninsula.

meet earthquake standards by 2013, the District and Mills-Peninsula Health Services entered into a master agreement in 2006 for a long-term ground lease between the District and Mills-Peninsula to construct a new medical center on district-owned property.<sup>30</sup>

The 2006 master agreement provided for a construction ground lease for the construction of a new medical center on District property that met the State's earthquake standards, and a 50-year ground lease at completion of construction and opening of the new medical center. The 50-year ground lease was implemented in 2011 through 2061, with one 25-year option to renew through 2086.

The original construction ground lease in 2006 set rent at \$1.5 million per year, subject to Consumer Price Index (CPI) adjustments every three years. Rent was adjusted in 2008, 2011, and 2014, with the next rent adjustment due in 2017. Ground lease rent to the District in FY 2016-17 is \$1,796,625.

### **Expenditures**

The District's actual revenues in FY 2015-16 were \$9.1 million and actual expenditures were \$4.0 million, resulting in a budget surplus of \$5.1 million. The District's budget revenues in FY 2016-17 are \$8.4 million and budgeted expenditures are \$4.4 million, resulting in a budget surplus of \$4.1 million, as shown in Figure 25 below.

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<sup>30</sup> The 2006 agreement provided for construction of a new hospital by Mill-Peninsula on 21 acres of District land, including 1783 El Camino Real, 1811 Trousdale Drive, 1515 Trousdale Drive, and 1791 El Camino Real.



**Figure 25: Peninsula Health Care District’s FY 2015-16 and FY 2016-17 Budgets**

	<b>FY 2015-16 Actuals</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Budget Compared to FY 2015-16 Actuals</b>
<b>Revenues</b>			
Property Tax <sup>a</sup>	\$5,899,563	\$5,356,000	(\$543,563)
Leasing Revenues	2,441,975	2,425,560	(16,415)
Interest Income	782,689	604,900	(177,789)
Other	20,516	33,100	12,584
<b>Total Revenues</b>	<b>\$9,144,743</b>	<b>\$8,419,560</b>	<b>(\$725,183)</b>
<b>Expenditures</b>			
Community Health Grants	\$1,906,723	\$1,450,000	(456,723)
Teen Mental Health Project		500,000	500,000
San Bruno School Clinic		50,000	50,000
Community Outreach and Other		144,500	144,500
Peninsula Wellness Center	1,127,377	1,225,400	98,023
Administration	999,712	988,325	(11,387)
<b>Total Expenditures</b>	<b>4,033,812</b>	<b>4,358,225</b>	<b>(456,723)</b>
<b>Change in Surplus/ (Deficit)</b>	<b>5,110,931</b>	<b>4,061,335</b>	<b>(1,049,596)</b>

Source: FY 2015-16 Financial Statement and District’s FY 2016-17 Budget

<sup>a</sup> Actual property tax revenues of \$5.9 million in FY 2015-16 were approximately \$800,000 more than budgeted revenues of \$5.1 million, due to the dissolution of redevelopment agencies in three cities.

### **The District’s Financial Condition**

The District’s approach to budgeting results in annual budget surpluses, which has contributed to an increase in the District’s cash and investments and an increase in the District’s net position. <sup>31</sup> As shown in Figure 26 below, between FY 2012-13 and FY 2015-16, the District’s net position increased from \$60.5 million to \$66.7 million.

<sup>31</sup> “Net position” is the district’s assets less liabilities. An increase in assets compared to liabilities will increase the district’s net position.

**Figure 26: Increase in the District's Net Position FY 2012-13 to FY 2016-17**

('000s)	Actual			
	6/30/13	6/30/14	6/30/15	6/30/16
Cash and investments <sup>a</sup>	\$45,024	\$48,379	\$78,670	\$83,021
Other current assets	241	301	612	2,561
Non-current rent receivables, deposits			124	1,491
Capital (net)	15,261	17,186	23,193	26,412
Deferred outflows - Pension			32	38
<b>Total Assets</b>	<b>\$60,526</b>	<b>\$65,866</b>	<b>\$102,631</b>	<b>\$113,523</b>
Current liabilities	903	1,041	1,695	4,505
Non-current liabilities <sup>b</sup>	24	4,554	40,416	39,525
Deferred Inflows - Pension				740
<b>Net position</b>	<b>\$59,599</b>	<b>\$60,271</b>	<b>\$60,397</b>	<b>\$66,753</b>
<b>Total liabilities and net position</b>	<b>\$60,526</b>	<b>\$65,866</b>	<b>\$102,631</b>	<b>\$111,523</b>

Source: District Financial Statements

<sup>a</sup> Includes debt proceeds

<sup>b</sup> Includes \$40 million in COPs issued by District

According to the District's financial statement for FY 2015-16, the District's unrestricted cash reserves were \$43.7 million. According to the District's financial forecast prepared by Hendrickson Consulting in May 2016, cash reserves will decrease to \$21.8 million in FY 2017-18 due to the District's planned capital expenditures but are projected to increase to \$47.7 million by FY 2021-22.

The May 2016 financial forecast shows the District's net position increasing from \$66.7 million in FY 2015-16 to \$93.3 million in FY 2021-22, as shown in Figure 27 below.

**Figure 27: Projected Increase in the District’s Net Position FY 2016-17 to FY 2021-22**

(‘000s)	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22
Cash and investments <sup>a</sup>	\$31,594	\$21,785	\$26,380	\$32,640	\$39,988	\$47,671
Other current assets	612	612	612	612	612	612
Non-current rent receivables, deposits	1,629	1,629	1,629	1,629	1,629	1,629
Capital (net) and issuance costs <sup>b</sup>	77,111	97,007	94,922	92,825	90,716	88,592
<b>Total Assets</b>	<b>\$110,946</b>	<b>\$121,033</b>	<b>\$123,543</b>	<b>\$127,706</b>	<b>\$132,945</b>	<b>\$138,504</b>
Current liabilities	300	591	806	896	993	1,022
Non-current liabilities <sup>c</sup>	39,498	48,498	47,458	46,083	44,653	43,163
Deferred Inflows - Pension	967	967	967	967	967	967
<b>Net position</b>	<b>\$70,181</b>	<b>\$70,977</b>	<b>\$74,312</b>	<b>\$79,760</b>	<b>\$86,332</b>	<b>\$93,352</b>
<b>Total liabilities and net position</b>	<b>\$110,946</b>	<b>\$121,033</b>	<b>\$123,543</b>	<b>\$127,706</b>	<b>\$132,945</b>	<b>\$138,504</b>

Source: Hendrickson Consulting Financial forecasts May 11, 2016

<sup>a</sup> Includes debt proceeds

<sup>b</sup> Includes the value of the 1600 Trousdale Assisted Living and Memory Care facility

<sup>c</sup> Includes \$40 million in COPs issued by District

### The District’s Revenues and Expenditures over the Next Three Fiscal Years

The District’s budget forecast, prepared by Hendrickson Consulting, shows annual budget surpluses, varying from \$3.8 million in FY 2016-17 to \$7.0 million in FY 2021-22, as shown in Figure 28 below.

**Figure 28: Projected Revenues and Expenditures FY 2016-17 to FY 2021-22**

('000s)	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
<b>Revenues</b>						
Property Taxes	\$5,871	\$6,047	\$6,229	\$6,415	\$6,608	\$6,806
Lease Receipts	2,637	2,716	2,797	2,881	2,968	3,057
Assisted Living	0	2,900	7,970	10,808	12,704	13,085
Other	31	32	33	34	35	36
Interest/Gains	560	404	327	396	490	600
<b>Total Revenues</b>	<b>\$9,099</b>	<b>\$12,099</b>	<b>\$17,356</b>	<b>\$20,534</b>	<b>\$22,805</b>	<b>\$23,584</b>
<b>Expenses</b>						
Community Grants	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319	\$2,388
Administration	979	1,008	1,038	1,069	1,102	1,134
Real Estate	216	223	230	236	243	251
Master Plan	400	200	0	0	0	0
Assisted Living	0	3,633	6,357	7,342	8,414	8,666
Depreciation	129	2,340	2,358	2,378	2,400	2,423
Interest	1,530	1,776	1,854	1,809	1,756	1,702
<b>Total Expenses</b>	<b>\$5,314</b>	<b>\$11,302</b>	<b>\$14,022</b>	<b>\$15,085</b>	<b>\$16,234</b>	<b>\$16,564</b>
<b>Change in Net Position</b>	<b>\$3,785</b>	<b>\$797</b>	<b>\$3,334</b>	<b>\$5,449</b>	<b>\$6,571</b>	<b>\$7,020</b>
<b>Net Position</b>	<b>\$70,181</b>	<b>\$70,978</b>	<b>\$74,312</b>	<b>\$79,761</b>	<b>\$86,332</b>	<b>\$93,352</b>

Source: Hendrickson Consulting Financial forecasts May 11, 2016

These projections could change significantly if the new senior assisted living and memory care facility experiences a shortfall in revenues or unanticipated increases in expenditures, requiring an operating subsidy from the District.

#### *The District's Investments*

According to the District's audited financial statement for the year ending June 30, 2016, the District's financial investments comply with California Government Code. Total investments consist of \$82.5 million in COPs proceeds and District funds, invested mostly in U.S. Treasuries, and municipal and corporate bonds with ratings of A or higher.

#### **The District's Financial Risks**

##### *District Reserves*

The District's conservative budgeting practices result in annual budget surpluses and increases in unrestricted cash reserves. According to documents and discussions with the District, the reserves are necessary to finance the Assisted Living and Memory Care facility, and provide for cash to leverage debt financing necessary to acquire Peninsula Hospital at a future date.

The District's financial policies include:

“Building a strategic fund to assure that the District can meet its responsibilities to preserve Peninsula Hospital and certain core services

both during the term of the 50-year Sutter Health/Mills-Peninsula Health Services lease and at the lease end.”

Although the California State Auditor concluded that the District’s accumulation of reserves was not unreasonable,<sup>32</sup> using tax dollars and other revenues to build reserves to meet future obligations rather than provide current services deserves further policy review.

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## **The District’s Governance and Accountability**

Peninsula Health Care District is governed by an elected five-member board. Board members are elected at-large to four-year terms, and elections are held during the general election cycle in even years.

The District board’s bylaws, which are posted on the District website, have not been updated since 1999. The bylaws cover board processes for monthly meeting and conformance to the Brown Act but otherwise are not specific about meeting requirements. The District board has also adopted policies on conflict of interest, code of conduct, ethics requirements, elections procedures, public records requests, and other policies that are posted on the District’s website.

The board has fiduciary responsibility for the District and considers the District’s financial status and programs and projects in public meetings. Board meetings are held monthly. Notices of board meetings, meeting minutes, and information packets are posted on the District website and available for download, although some meeting minutes and packets are missing.

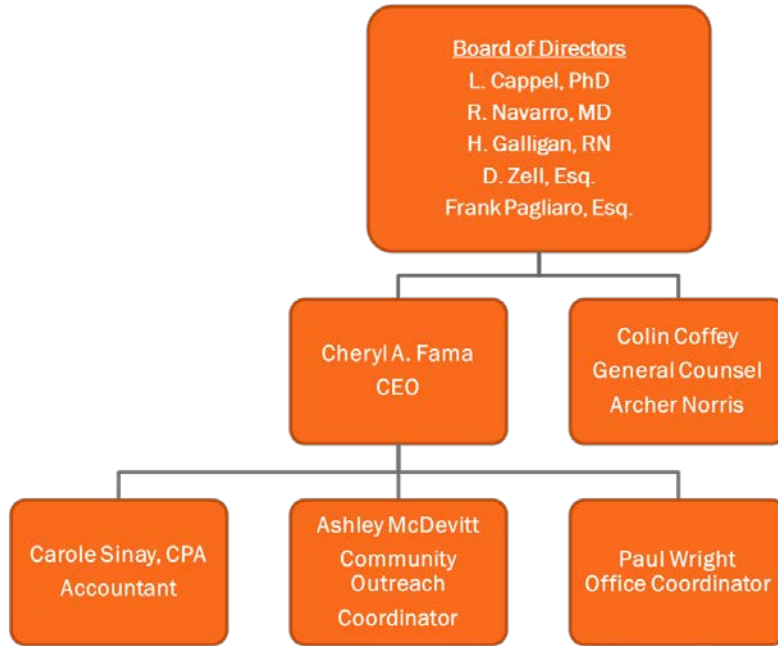
The District mailed notices to District residents and posted notices on the District website for special meetings to discuss the Peninsula Wellness Community.

The Board appoints the District’s chief executive officer. District staff consists of two full-time staff, two part-time staff, and two contracted staff members. Staff members have the titles of chief Executive officer, accountant, community outreach coordinator, office coordinator, and legal counsel. Figure 29 shows the District staffing structure.

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<sup>32</sup> October 2016 letter from the California State Auditor to the District’s Chief Executive Officer.

**Figure 29: District Staffing Structure**



Source: Peninsula Health Care District

#### *Public Engagement in Strategic Planning*

Peninsula Health Care District indicated that it incorporates community engagement into its strategic planning processes. In its initial response to the Municipal Service Review Survey, the District stated that it actively participates in health-focused groups in the County such as the Healthy Collaborative, the Oral Health Coalition, and the School Wellness Alliance. The District also self-reported undertaking public and topic-specific stakeholder interviews when crafting strategic documents.

#### *District Newsletter and Other Outreach*

Peninsula Health Care District mails out newsletters two to three times per year to 45,000 homes within the District. The District also sends out its newsletter to 500 “friends of the District” electronically.

Advertising for various Peninsula healthcare district activities including major events, Board appointment opportunities, the annual partners’ event, and health fairs is purchased in the San Mateo Daily Journal. The Chief Executive Officer also attends and presents at city councils, chambers of commerce, meetings of the Rotary and Lions Clubs, school board meetings, and numerous other community group events. At the end of presentations, contact information and meeting schedules are distributed.

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## Overview of San Mateo Medical Center and San Mateo County Health Programs

The enclosed overview has been prepared by LAFCo.

# County of San Mateo Health System/San Mateo Medical Center

## About the Health System

The mission of San Mateo County's Health System is to help residents live longer and better lives. San Mateo County comprises 448 square miles of land area stretching from Daly City to East Palo Alto and past Pescadero with a population exceeding 740,000.

The Health System has multiple divisions of which the largest is San Mateo Medical Center, an integrated healthcare delivery system comprised of a network of clinics, a hospital and a skilled nursing facility. The Public Health Policy and Planning division of the Health System operates a mobile clinic and the Edison clinic for persons with HIV/AIDS. These medical services address primary and specialty healthcare needs of County residents from infants to older adults.

## San Mateo Medical Center

San Mateo Medical Center (SMMC) is a 509-bed public hospital and clinic system that is fully accredited by The Joint Commission<sup>1</sup>. The Medical Center operates outpatient clinics throughout San Mateo County and an acute care hospital in the city of San Mateo.. More specifically, the Medical Center provides primary and pediatric care, chronic disease management, rehabilitation services, infusion, intensive care, surgical services, emergency services, and domestic violence intervention.

The mission of SMMC is to “partner with patients to provide excellent care with compassion and respect” and does so with an emphasis on education and prevention.

Partnerships play an important role in the Medical Center's daily work. Patient partnerships are developed one on one in the exam room or at the bedside, and in larger groups through improvement events and a Patient and Family Advisory Council. SMMC also partners with its providers, nurses, and staff to continuously improve quality of care, safety, and patient experience. By working closely with community partners, it can help its patients experience total health.

SMMC's providers and staff use Lean tools and principles to understand and improve current processes to optimize care and enhance patient experience. These tools allow providers to consistently measure their performance and compare themselves to national standards to ensure that their patients are getting the best care possible.

The Medical Center is proud to be recognized by The Joint Commission as a *Top Performer on Key Quality Measures*<sup>®</sup> for improving performance on interventions that increase chances of healthy outcomes for patients in four areas: heart attacks, heart failure, pneumonia, and surgical care.

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<sup>1</sup> An independent, not-for-profit organization, The Joint Commission accredits and certifies nearly 21,000 health care organizations and programs in the United States. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards.



## **Funding**

The 2016-17 Health Services All Funds Recommended Budget is \$762,455,210 which includes general fund contributions to the Medical Center in the amount of \$58,121,621. The Adopted Budget for the Medical Center is \$322,095,642. The Medical Center's revenues are primarily fees for patient services, payments from federal and State programs through Medi-Cal (California's Medicaid program), Medicare, realignment revenues, and the contribution from the County General Fund. Please see the attached Fiscal Year 2016-17 budget spreadsheets and performance measures for the San Mateo County Health Services and the San Mateo Medical Center for more detail.

## **SMMC Services**

### ***MyHealthSMMC***

MyHealthSMMC, San Mateo Medical Center's secure online patient portal allows patients to view their current health summary, medication list, allergy list, and outpatient radiology and lab results. SMMC plans to add more functions in the future, including the ability for patients to email their care teams and make or cancel appointments.

### ***Health Insurance***

SMMC offers free assistance to help county residents apply and get health coverage. Staff can advise patients on which programs they may qualify for, explain how they work, what it may cost, and then help with the application process.

Patients can schedule a health coverage screening appointment even if they think they might not qualify or if they have private, non-employer sponsored insurance. Legal immigration status is not required to access free or low-cost health insurance in San Mateo County.

### ***Interpretation Services***

SMMC provides an interpreter in almost any language, including American Sign Language. In some cases, they can arrange to have in-person interpreters available. In most cases, the Medical Center will use the Health Care Interpreter Network (HCIN), a voice and video interpretation system. With this system, staff can quickly locate an interpreter in any language and communicate with him or her live via video or audio.

### ***Laboratory***

SMMC's lab performs tests ordered by doctors for patients who are staying at the hospital, living in county long-term care facilities, or visiting one of SMMC's clinics.

### ***Radiology***

SMMC's radiology department provides diagnostic imaging, interventional radiology, CT scans, ultrasound, echocardiography, mammography, and MRI.

## ***Primary Care***

San Mateo Medical Center provides a wide range of primary care services for infants, kids, teens, adults, and seniors.

### *Adults*

Adult primary care services range from routine health exams to managing chronic conditions like high blood pressure and diabetes. Doctors, nurses, and other health professionals promote good health through preventative medicine, health screenings and health education, and coordinating care with a specialist if needed.

### *Pediatrics*

From school physicals and immunizations to infant care and chronic disease management, SMMC provides pediatric care in clinics throughout San Mateo County. SMMC emphasizes education and prevention.

### *Seniors*

SMMC's Senior Care Center focuses on the health and wellbeing of seniors 65 and over including physical, mental, social, and lifestyle health. A team of doctors and specialists provides complete, outpatient care in one location.

## **Clinics**

San Mateo Medical Center offers comprehensive primary and specialty care for infants, children, teens, adults, and seniors in clinics throughout the following locations in San Mateo County. In addition the Health System operates a mobile clinic serving people who are homeless, uninsured, or insured with Medi-Cal, Medicare or San Mateo County health insurance. The Medical Center also provides a weekly adult primary care clinic at La Puente Costa del Sur, a non-profit community resource center in Pescadero.<sup>2</sup>

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<sup>2</sup> Other clinics are available at the hospitals serving San Mateo County, including Kaiser Permanente in Redwood City, San Mateo and South San Francisco, Mills-Peninsula in Burlingame, Sequoia Hospital in Redwood City, and Seton Medical Center in Daly City.

***Coastside Clinic***

225 South Cabrillo Highway  
Suite 100A  
Half Moon Bay, CA 94019

***Daly City Health Center***

380 90th Street  
Daly City, CA 94015

***Daly City Youth Health Center***

2780 Junipero Serra Boulevard  
Daly City, CA 94015

***Edison Clinic***

222 West 39th Avenue  
First Floor  
San Mateo, CA 94403

***Fair Oaks Health Center***

2710 Middlefield Road  
Redwood City, CA 94063

***San Mateo Medical Center***

222 West 39th Avenue  
San Mateo, CA 94403

***Innovative Care Clinic***

222 West 39th Avenue  
Third Floor  
San Mateo, CA 94403

***Dental Services***

SMMC offers total dental care including cleanings, x-rays, fillings, and extractions when needed. They provide dental care in most of their clinics and their dental mobile van travels to locations throughout the county. Emergency dental care is provided at the Coastside Clinic, Daly City Clinic, Fair Oaks Health Center and the special clinic in San Mateo. Each clinic offers emergency dental care at the first hour of each day of operation.

***Pediatric Dental Care***

SMMC offers total dental care to children up to 18 years old in most of our clinics. Services include cleaning, x-rays, fillings, and emergency care at the locations listed above.

***Medical Specialty Clinic***

222 West 39th Avenue  
Second Floor  
San Mateo, CA 94403

***OB/GYN Clinic***

222 West 39th Avenue  
Third Floor  
San Mateo, CA 94403

***Pediatric Clinic***

222 West 39th Avenue  
Third Floor  
San Mateo, CA 94403

***Senior Care Center***

222 West 39th Avenue  
First Floor  
San Mateo, CA 94403

***Sequoia Teen Wellness Center***

200 James Avenue  
Redwood City, CA 94062

***South San Francisco Clinic***

306 Spruce Avenue  
South San Francisco, CA 94080

***Surgical Specialty Clinic***

222 West 39th Avenue  
Second Floor  
San Mateo, CA 94403

### *Adult Dental Care*

Adults can get total dental care including cleanings, x-rays, fillings, extractions, dentures, and crowns at Coastside Clinic, and Fair Oaks Health Center.

### *Dental Care for Patients with HIV/AIDS*

Comprehensive dental care for patients with HIV is provided at the Fair Oaks Health Center. Eligible patients must be HIV positive, a resident of San Mateo County with an income equal to or less than 400 percent of the Federal poverty limit, and be uninsured or underinsured.

### *Mobile Dental Clinic*

The Mobile Dental Clinic travels to homeless shelters and other locations throughout San Mateo County offering total dental care.

### ***Specialty Services***

For patients with a health issue that needs extra attention, their primary care doctor can refer them to one of SMMC's specialists. Services include cardiology, endocrinology, gastroenterology, hepatology, nephrology, neurology, oncology, pain management, pulmonology, and rheumatology, as well as surgical services.

### ***Emergency Services***

#### *Medical Emergencies*

San Mateo Medical Center provides emergency care for people of all ages 24 hours a day, every day. Patients' comfort and wellbeing are the Center's top priority. The medical team is trained to provide fast, excellent care for a range of injuries and illnesses.

#### *Psychiatric Emergencies*

CIT (Crisis Intervention Trained) Officers have special training to assist those experiencing a mental health emergency or who are in a life-threatening situation. San Mateo Medical Center's Psychiatric Emergency Services is one of two 24-hour psychiatric emergency rooms serving San Mateo County. They serve adults, seniors, and youth who voluntarily seek emergency psychiatric assistance during a crisis, or who have been detained involuntarily (5150).

SMMC provides acute psychiatric evaluation, crisis intervention, and referral services and is the gateway to acute inpatient admissions. Interpreters for all languages are available 24 hours a day.

### ***Family Violence Services***

The Keller Center for Family Violence Intervention, founded by George and Addie Keller in 2001, provides medical, emotional, social, and legal care and support for victims of child abuse, elder abuse, sexual assault, and domestic violence. They offer comprehensive services, including emergency medical treatment, medical exams, forensic exams, child interview specialists, safety plans and patient follow-up, and expert witnesses in court cases.

SMMC works closely with law enforcement and other County agencies and organizations including Community Overcoming Relationship Abuse (CORA), Rape Trauma Services, Child Protective Services, and Adult Protective Services.

### ***Medical-Behavioral Health***

Behavioral health is an essential part of overall health. The goal of Integrated Medical-Behavioral Health is to provide tools to maintain a healthy lifestyle and overcome emotional struggles. At times, it can be more complex and involve the treatment of mental illnesses such as depression, anxiety, trauma, and stress; and substance abuse and other addictive behaviors. San Mateo Medical Center offers an integrated treatment approach where professionals across disciplines collaborate to treat the whole person and to promote wellness in all its forms.

### ***Palliative Care***

Palliative care focuses on relief of the pain, stress, and other debilitating symptoms of serious illness. SMMC's palliative care program provides interdisciplinary, culturally sensitive care to patients with serious illnesses. The Center provides high-quality client-focused medical, psychosocial, and spiritual care and support for patients and their family members to alleviate pain and discomfort at the end of life.

### ***Rehabilitation Services***

SMMC's goal is to bring individuals to their highest level of practical functioning through efficient delivery of evidence-based interdisciplinary rehabilitation practice. We offer our patients a variety of inpatient and outpatient rehabilitation services, including audiology, occupational therapy, physical therapy, speech/language therapy, and creative arts and recreation therapy.

### ***Skilled Nursing Care***

SMMC offers specialized care and support so patients can be independent and safe. The skilled nursing unit offers skilled nursing care, medical care, rehabilitation, recreation therapy, social services, meals, laundry services, and housekeeping. The Medical Center also oversees the operation of Burlingame Long Term Care.

### ***STD/HIV Clinics and Testing***

The San Mateo County STD/HIV Program works to prevent STD/HIV infection and to care for individuals and families affected by HIV in San Mateo County. The Program provides comprehensive, community-based prevention and testing services, STD/HIV related health care, social services, advocacy, and referrals to community agencies providing drug treatment, housing, food, dental care, and other services.

SMMC provides comprehensive medical care and connections to dental care, food services, counseling, housing, and emergency financial assistance to HIV-positive patients. They can help tell partners that they should get tested—anonymously. SMMC also runs support groups in English and Spanish. No client is denied services because of an inability to pay.

## **Other Health System Divisions**

### **Aging and Adult Services**

Aging and Adult Services (AAS) helps San Mateo County's older adults and people with disabilities live as safely and independently as possible. Services include centralized intake and referral, assessment and

consultation, protective and supportive services, public guardian/conservatorship, and case management. The division serves as the Area Agency on Aging for planning, coordination, program funding, and advocacy for older adults and people with disabilities in the County. The division is advised by the Commission on Aging, the Commission on Disabilities, and the In-Home Supportive Services Advisory Committee.

The Network of Care was created with a California Department of Aging innovation grant. The project is part of a broader effort by San Mateo County to improve and better coordinate long-term care services locally. This comprehensive, Internet-based resource is for the elderly and people with disabilities and their caregivers and service providers. The Network of Care website also provides other resources for older adults and people with disabilities in San Mateo County.

### Behavioral Health and Recovery Services

San Mateo County Behavioral Health and Recovery Services (BHRS) provides a broad spectrum of services for children, youth, families, adults and seniors for the prevention, early intervention, and treatment of mental illness and/or substance use conditions. BHRS is committed to supporting treatment of the whole person to achieve wellness and recovery, and promoting the physical and behavioral health of individuals, families, and communities. They strive to provide integrated and culturally sensitive services by mental health clinicians, psychiatrists, alcohol and drug counselors, peers, family partners, and other professionals through county clinics, community agencies, and a private provider network.

BHRS offers outpatient, inpatient, residential, rehabilitation, detoxification, medication-assisted treatment, and autism-related and other services for individuals who are eligible for Medi-Cal<sup>3</sup> and Medicare, members of the Health Plan of San Mateo, and individuals with private insurance in some cases. BHRS also assists uninsured and undocumented residents of San Mateo County and people of any age in a major crisis.

### Correctional Health Services

The Health System's Correctional Health Services provides integrated medical, dental, mental health, and chemical dependency treatment to the incarcerated adult population and medical and dental care to the juvenile hall population of San Mateo County.

Mental health services include day treatment provision to mentally ill men and women in the Life Skills Program at the Maguire Correctional Facility, weekly group therapy and behavioral health pods to prevent deterioration and avoid hospitalization..

### Environmental Health Services

Environmental Health Services provides services to ensure a safe and healthy environment in San Mateo County through education, monitoring, and enforcement of regulatory programs and services for the community. Services include restaurant and housing inspection, household hazardous waste and medical waste disposal, water protection and water quality monitoring, pollution prevention, and other

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<sup>3</sup> BHRS serves as the mental health and substance use plan for Medi-Cal beneficiaries residing in San Mateo County.

regulatory activities and services. The Environmental Health Services blog provides the latest news, information, and upcoming events within the Environmental Health Services division.

### **Family Health Services**

Family Health Services focuses on the health and wellbeing of infants, children, teens, young adults, and parents. Services include public health nutrition education and food benefits for pregnant women and young children, coordination of preventive medical care for kids, support for children with special health needs, and home visiting services aimed at assisting pregnant women, families and adults meet their health and well-being goals.

### **Public Health, Policy and Planning**

Public Health, Policy and Planning--facilitated by the San Mateo County Health System--protects the health of everyone who lives, works, learns, and plays in San Mateo County by preventing the spread of communicable diseases, delivering targeted health care services, providing public health laboratory testing, and building communities that make it easy to stay healthy.

Get Healthy San Mateo County, also facilitated by the San Mateo County Health System, is a local collaborative of community-based organizations, County agencies, cities, schools, and hospitals working together to advance policy change to prevent diseases and ensure everyone has equitable opportunities to live a long and healthy life.

### **For More Information**

Further details on the Health System's complete range of services are available on the San Mateo County Health System's comprehensive website at [www.smchealth.org](http://www.smchealth.org) or on the San Mateo Medical Center website at [www.smchealth.org/san-mateo-medical-center](http://www.smchealth.org/san-mateo-medical-center).

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## Government Code Provisions

A summary of services authorized by Health & Safety Code Section 32000 et seq. for healthcare districts follows. A healthcare district:

- A. May 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 and 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 programs, services, and facilities
  - 7) Chemical dependency programs, services, and facilities
  - 8) Other healthcare 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), has 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), has 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 healthcare service provider, group, or organization that is 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), has the power to establish, maintain, and carry on its activities through corporations, joint ventures, or partnerships for the benefit of the district



## Appendix II

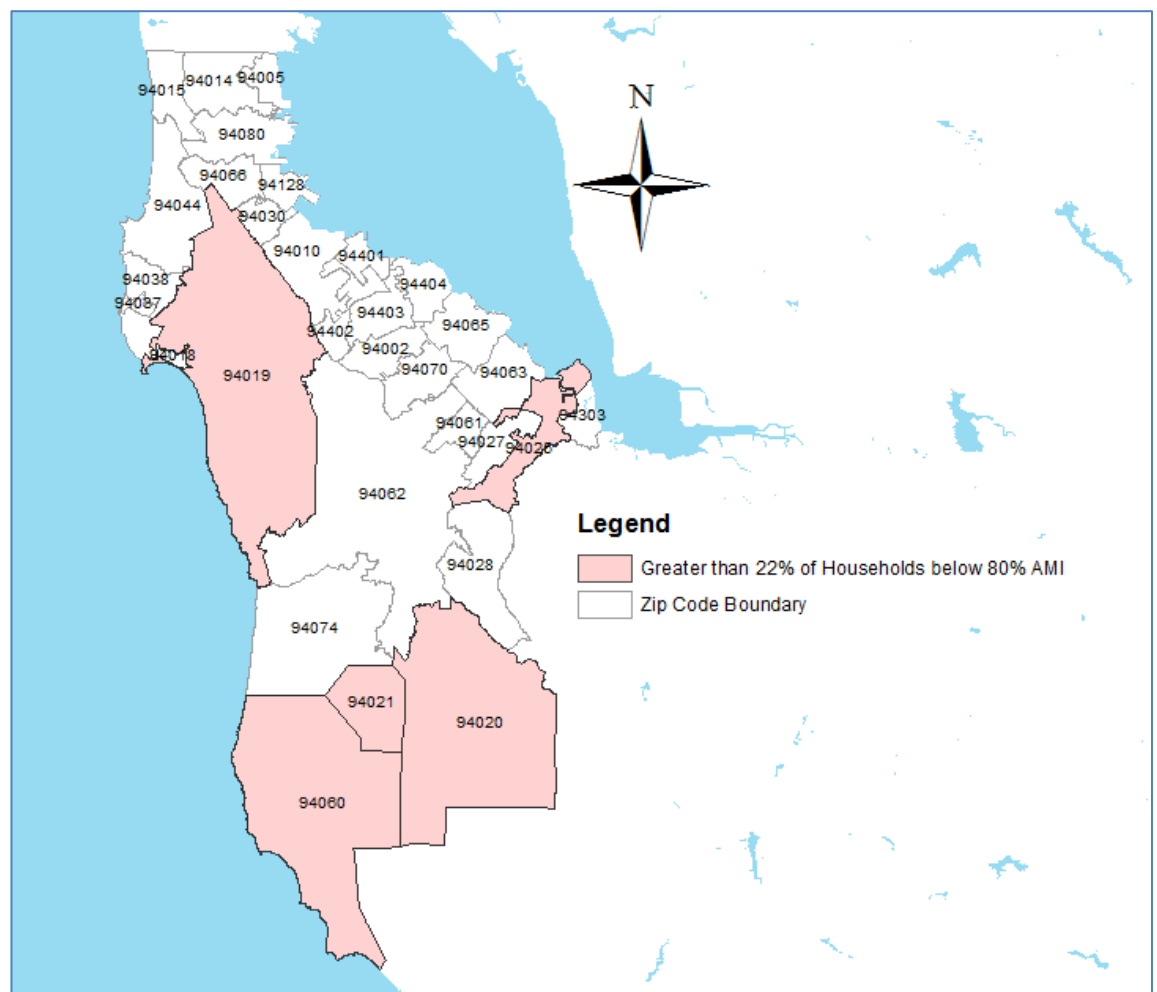
- E. Pursuant to Health and Safety Code 32126.5(a)(1), has the power to enter into contracts with health provider groups, community service groups, independent physicians and surgeons, and independent podiatrists for the provision of healthcare services
  
- F. Pursuant to Health and Safety Code 32126.5(a)(2), has 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), has the power to finance experiments with new methods of providing adequate healthcare.

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## Disadvantaged Communities in San Mateo County

The countywide average for the percentage of households below \$49,999 or 80 percent of area median income (AMI) is 22 percent. The map in Figure 30 below shows all of the unincorporated areas by zip code that has greater than 22 percent of households living below 80 percent of AMI. The rural communities that meet this criterion are Half Moon Bay CCD, La Honda CDP, Loma Mar CDP, and Pescadero CDP. The urban community of North Fair Oaks CDP, which is adjacent to Redwood City, also meets this criterion.

**Figure 30: Unincorporated Zip Codes with Greater than 22 Percent of Households Below 80 Percent of AMI**



Source: Harvey M. Rose Associates, LLC

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## Health Professional Shortage Areas

Health Professional Shortage Areas are based on the evaluation of criteria established through federal regulation to identify geographic areas or population groups with a shortage of health providers.

### Primary Care Health Professional Shortage Area

The Primary Care Health Professional Shortage Area designation identifies areas as having a shortage of healthcare providers on the basis of availability of primary care physicians. To qualify for designation as a Primary Care Health Professional Shortage Area, an area must: 1) be a rational service area (such as a MSSA); 2) have a population to primary care physician ratio is 3,500:1 or 3,000:1 plus population features demonstrating “unusually high need,” and 3) have a lack of access to healthcare in surrounding areas because of excessive distance, overutilization, or access barriers.

### Dental Health Professional Shortage Areas

The federal Dental Health Providers Shortage Area designation identifies areas with a shortage of dental providers on the basis of availability of dentists and dental auxiliaries. To qualify as a Dental Health Professional Shortage Area, an area must: 1) be a rational service area (such as a MSSA); 2) have a population to general practice dentist ratio of 5,000:1 or 4,000:1 plus population features demonstrating “unusually high need;” and 3) have a lack of access to dental care in surrounding areas because of excessive distance, overutilization, or access barriers.

### Mental Health Professional Shortage Areas

The federal Mental Health Professional Shortage Area designation identifies areas with a shortage of mental health providers on the basis of availability of psychiatrists and mental health professionals. To qualify as a Mental Health Professional Shortage Area, an area must: 1) be a rational service area; 2) have a population-to-core mental health professional and/or population-to-psychiatrist ratio that meets established criteria; and 3) have a lack of access to mental healthcare in surrounding areas because of excessive distance, overutilization, or access barriers.

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## Medically Underserved Areas and Populations

To be eligible for a Medically Underserved Area or Medically Underserved Population designation, an area or population is scored on the basis of four criteria and must receive a total weighted score of 62 or less. As a result of receiving this designation, the area receives enhanced federal grant eligibility and the higher reimbursements from Medicare.

The criteria applied for a Medically Underserved Area are: 1) the percentage of the population at 100 percent below poverty; 2) the percentage of the population over 65 years old; 3) the infant mortality rate; and 4) primary care physicians per 1,000 people.

The criteria considered for a Medically Underserved Population are: 1) the percentage of the population at 100 percent below poverty; 2) the percentage of population over 65; 3) infant mortality rate; and 4) the number of primary care physicians serving low-income people (200 percent poverty level) per 1,000 low-income people.

## Poverty and Age by MSSA

Figure 31 below shows the poverty rates in San Mateo County by MSSA.

**Figure 31: Percentage of Individuals Living at 100 percent and 200 Percent of the Poverty Rate**

Jurisdictions within the Medical Service Study Area (MSSA)	100% of Poverty Rate	200% of Poverty Rate
El Granada/Half Moon Bay/Miramar/Montara/Moss Beach/Princeton by the Sea/Skyline	5.2%	15.1%
La Honda/Loma Mar/Pescadero/San Gregorio/Sky Loma	6.7%	26.1%
Pacifica/Rockaway Beach/San Pedro Terrace/Sharp Park/Vallemar	4.8%	10.9%
Brisbane/Burlingame Northeast/Colma/Daly City East/Millbrae East/San Bruno/South San Francisco	9.0%	22.2%
East Menlo Park/East Palo Alto/North Fair Oaks/Redwood City East	16.8%	43.9%
Atherton/Lindenwood/Menlo Oaks/Menlo Park/Redwood City Central/Sharon Heights/West Menlo Park/Woodside/Woodside Hills	6.2%	15.7%
Broadmoor Village/Daly City West/San Bruno Northwest/Serramonte/Westborough	6.4%	18.7%
Burlingame Hills/Burlingame Southwest/Hillsborough/Hillsdale/Millbrae West/San Bruno Central/San Mateo West	4.1%	10.7%
Foster City/Redwood Shores/San Mateo East	6.0%	16.1%
Belmont/Devonshire/Emerald Lake/Farm Hills/Palomar Park/San Carlos West/The Highlands	3.7%	9.9%

Source: OSHPD

Figure 32 below shows the percentage of older adults by MSSA in San Mateo County.

**Figure 32: Percentage of Individuals Over 65 Years of Age**

<b>Jurisdictions within the Medical Service Study Area (MSSA)</b>	<b>% Over 65</b>
El Granada/Half Moon Bay/Miramar/Montara/Moss Beach/Princeton by the Sea/Skyline	12.3%
La Honda/Loma Mar/Pescadero/San Gregorio/Sky Londa	12.2%
Pacifica/Rockaway Beach/San Pedro Terrace/Sharp Park/Vallemar	10.8%
Brisbane/Burlingame Northeast/Colma/Daly City East/Millbrae East/San Bruno/South San Francisco	11.4%
East Menlo Park/East Palo Alto/North Fair Oaks/Redwood City East	8.1%
Atherton/Lindenwood/Menlo Oaks/Menlo Park/Redwood City Central/Sharon Heights/West Menlo Park/Woodside/Woodside Hills	15.2%
Broadmoor Village/Daly City West/San Bruno Northwest/Serramonte/Westborough	12.9%
Burlingame Hills/Burlingame Southwest/Hillsborough/Hillsdale/Millbrae West/San Bruno Central/San Mateo West	18.7%
Foster City/Redwood Shores/San Mateo East	12.5%
Belmont/Devonshire/Emerald Lake/Farm Hills/Palomar Park/San Carlos West/The Highlands	14.1%

Source: OSHPD

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## Community Health Needs Assessment

### *Community Health Needs Assessment*

In addition to the official state and federal designations that indicate healthcare deficiencies, community needs assessments and planning documents produced by the County and other organizations identify priority areas and quantify need.

Since 1995, non-profit providers, hospitals, and the County's public health department have come together as the Healthy Community Collaborative of San Mateo County to create and update a Community Health Needs Assessment. The Community Health Needs Assessment serves as a tool for guiding policy and program planning decisions, in addition to helping with the development of community benefit plans as required by California State Senate Bill 697 (1994). The most recent Community Health Needs Assessment was completed in 2016 and identified the following 21 priorities shown below.

**Alzheimer's disease & dementia.** The proportion of older adult residents is increasing and the mortality rate from Alzheimer's is higher in the county compared to California. Alzheimer's disease is the third leading cause of death in the county.

**Arthritis.** The adult arthritis prevalence rate is slightly higher than the state average, and the county has an increasing proportion of older adult residents.

**Behavioral health.** The percentage of adults who report mental and emotional problems is rising, and binge drinking among young adult males is trending up. Suicide is one of the top 10 leading causes of death in the county.

**Birth outcomes.** Black and Asian/Pacific Islander women are more likely to have low birthweight babies than women of other ethnicities in the county. Black women in the county also disproportionately experience pre-term births and infant mortality.

**Cancer.** Cancer is the second leading cause of death in the county. Rates of colorectal cancer incidence and breast cancer mortality are higher than the Healthy People 2020 targets. Certain ethnic groups in the county experience disparities, such as Asian men and Black men and women, who have disproportionately higher rates of colorectal cancer incidence.

**Childhood obesity.** The rates of obese, overweight, and/or at-risk of overweight children are higher in the county compared to California. Childhood obesity disproportionately affects Latino, Black, and American Indian children in the county.

**Climate change.** The county is among the top U.S. metropolitan areas with the highest short-term particle pollution and one of the areas most polluted by ground-level ozone. Additionally, county carbon emissions have been rising over time.

**Communicable diseases.** There has been a rise in the incidence rate of tuberculosis in the county over the past decade, and it remains higher than the state average. Pneumonia and influenza combined are the seventh leading cause of death in the county.

**Diabetes.** There is a higher rate of diabetes among adults in the county compared to the Healthy People 2020 target. Blacks and low-income county residents disproportionately report having been diagnosed with diabetes. Diabetes is the eighth leading causes of death in the county.

**Emotional well-being.** The percentage of adults experiencing depression and feeling tense, worried, or anxious is higher amongst some ethnic groups and low income households. Adult life satisfaction in the county has been declining over time.

**Fitness, diet, & nutrition.** The percentage of county adults who exhibit healthy behaviors has dropped over time. Adults who are low-income, Black, and Latino report fair or poor access to affordable fresh produce more often than those of other ethnicities in the county.

**Healthcare access & delivery.** The proportion of county residents who report visiting a doctor for a routine check-up has been trending downward. Residents giving the lowest ratings to healthcare access in the county were low-income, Latino, and those without a postsecondary education.

**Heart disease & stroke.** County mortality rates for these cerebrovascular diseases (such as stroke) are higher than Healthy People 2020 targets. Diseases of the heart are the leading cause of death in the county, and stroke is the fourth leading cause of death. There are rising percentages of county adults reporting high cholesterol and hypertension.

**Housing & homelessness.** Housing is less affordable in San Mateo County than in the rest of the Bay Area and housing prices are again on the rise. Although homelessness in the county has decreased, Blacks, Latinos, and veterans are disproportionately represented in the county's homeless population.

**Income & employment.** The percent of county adults living below 200% of the Federal Poverty Level is rising, and ethnic disparities are seen in educational attainment, a major driver of economic security. Low-income county residents have poorer access to basic needs and have more trouble affording healthcare costs.

**Oral/dental health.** The percentage of county adults who visited a dentist for a routine check-up in the past year has decreased and the percentage of adults in the county who lack dental insurance has increased. Low-income residents are disproportionately affected.

**Respiratory conditions.** Adult asthma prevalence has increased substantially over time and now exceeds the Healthy People 2020 objective. Respiratory conditions are the fifth leading cause of death in the county.

**Sexually transmitted infections (STIs).** Incidence rates of chlamydia, gonorrhea, and syphilis in the county are rising. New cases of gonorrhea, syphilis, and HIV in the county disproportionately occur among men who have sex with men (MSM).

**Transportation & traffic.** Total vehicle miles of travel in the county have been rising and correlate with motor vehicle crashes and vehicle exhaust, a factor in poor health outcomes. A lack of transportation disproportionately affects low-income, less-educated, Latino, and Black respondents.

**Unintended injuries.** Unintended injuries are the sixth leading cause of death in the county. The community is concerned with the rate of older adults who are injured due to falls, especially because of the county's increasing proportion of older adult residents. The county's rate of child deaths due to drowning is higher than the state's rate for the same age group. Deaths from pedestrian and motor vehicle accidents in the county show ethnic disparities.

**Violence & abuse.** Although by almost all statistical measures, violence (including violent crime) and abuse are trending down in the county, the community's perceptions have not changed over time. The rate of child abuse among Black families in the county is much higher than the state rate. In addition, an emerging issue is human trafficking.

Source: 2016 Community Health Needs Assessment, Sponsored by The Healthy Community Collaborative of San Mateo County



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## Sequoia Healthcare District Programs and Grants

### Children's Health Initiative

San Mateo County created the Children's Health Initiative to provide health insurance to children in the County who would otherwise not have access to healthcare. Sequoia Healthcare District was a partner in this program and allocated funds that were earmarked for District children enrolled in the Children's Health Initiative insurance plan. An Agreement between the District and the San Mateo County Community Health Authority specifies the District's contributions for 2014-15 and 2015-16. The District did not allocate funding in 2016-17.

### SFSU Nursing Program

In 2004 Sequoia Healthcare District, San Mateo Community College District, the Board of Trustees of the California State University, and Sequoia Health Services (Sequoia Hospital) entered into an MOU to address the shortage of nurses at Sequoia Hospital. Under the MOU, Sequoia Healthcare District provided funding for a nursing program at Cañada College in Redwood City that was designed to graduate a minimum of 300 baccalaureate trained nurses over a ten-year period. Upon expiration of the MOU in 2014, the parties entered into an Amendment to the MOU (replacing Dignity Health as successor to Sequoia Health Services) that extended the terms of the MOU for an additional three years, through May 2017. Under the terms of the Amendment, the District continues to provide funding for the program at a reduced level. The current funding allocated in the 2016-17 budget represents the final year of District funding unless the terms of the MOU are extended again.

### Samaritan House Medical Clinic

The Samaritan House Medical Clinic in Redwood City provides clinical services to uninsured adults. In 2015 the District and Samaritan House entered into a three-year MOU through June 2018. Under the MOU, the District agreed to provide one-time grant funds for building alternations and for mental health planning, and a three-year grant to maintain a medical outpatient clinic located within the district that is available free of charge to uninsured patients who live within the district.

The Redwood City Clinic generates reports that detail numbers of clinic visits, physician and volunteer hours, and other metrics. Starting in 2015, these reports include the unduplicated number of patients (is this what Pt means?) within

Sequoia Healthcare District and the number outside of Sequoia Healthcare District. (In 2014, the zip code breakdown was reported, but because some zip codes are only partially included in the District, it is unknown how many patients from those zip codes are District residents.)

According to these reports, during calendar year 2015 89.3 percent of patients who visited the Redwood City Clinic were Sequoia Healthcare District residents. According to the most recent available report for, from January-September 2016 87.2 percent of patients who visited the Redwood City Clinic were Sequoia Healthcare District residents.

**San Mateo Medical Center**

The San Mateo Medical Center is a department of the San Mateo County Health District that operates the Fair Oaks Health Center. In 2015 the Medical Center signed two three-year MOUs with the District. Under one MOU, the District agreed to provide grant funds to the Medical Center to implement the Community Care Transitions Program. The program’s goal is to improve the transition from an inpatient hospital setting to other care settings. Under the second MOU, the District agreed to provide funding to support the expansion of the Ron Robinson Senior Care Center to the Fair Oaks Health Center in Redwood City. The District helped fund the construction of the Senior Care Center, which opened in 2013.

**Ravenswood Family Health Center**

Ravenswood Family Health Center serves residents in South San Mateo County and provides primary medical care and dental services. Under a two-year MOU from 2015 to 2017 between the District and Ravenswood, the District provides grant funds to support health center operations and patient service.

Ravenswood Family Health Center reports summary data twice a year, including the total number of visits from Sequoia Healthcare District and total visits. Figure 33 below summarizes the totals and percentage of District visits.

**Figure 33: Visits to the Ravenswood Family Health Center 2013-2016**

	<b>July-Dec 2013</b>	<b>Jan-June 2014</b>	<b>July-Dec 2014</b>	<b>Jan-June 2015</b>	<b>July-Dec 2015</b>	<b>Jan-June 2016</b>
SHD visits	11,177	11,327	11,059	10,983	12,893	14,144
All visits	45,371	49,463	48,396	49,434	57,556	64,320
<b>Percent SHD</b>	<b>24.63%</b>	<b>22.90%</b>	<b>22.85%</b>	<b>22.22%</b>	<b>22.40%</b>	<b>21.99%</b>

Source: Harvey M. Rose Associates, LLC compilation

Overall, between 22 and nearly 25 percent of clients at the Ravenswood Family Health Center are District residents.

Community Grants Program

Sequoia Healthcare District awards one-year grants that usually range from \$10,000 to \$100,000 through the Caring Community Grants Program. 501(c)(3) nonprofit organizations and government agencies that serve District residents are eligible to apply for grants. As part of the grant application process, the District asks respondents to identify, among other indicators, the District priority area the program most directly impacts, the primary age range of the population served, and the number of District and total clients expected to be served annually. Some of these indicators are summarized in the figures below.

**Figure 34: Grants Funded by Priority Area, 2015-16 and 2016-17**

Priority Area	FY 2015-16		FY 2016-17	
	Amount funded	Percent	Amount funded	Percent
Active and Healthy Living	\$890,000	54.20%	\$1,015,000	50.75%
Access to Treatment	477,000	29.05%	660,000	33.00%
Preventive Health and Safety Services	195,000	11.88%	240,000	12.00%
Other	80,000	4.87%	85,000	4.25%
<b>Total</b>	<b>\$1,642,000</b>	<b>100.00%</b>	<b>\$2,000,000</b>	<b>100.00%</b>

Source: Harvey M. Rose Associates, LLC compilation

**Figure 35: Grants Funded by Age Range, 2015-16 and 2016-17**

Age Range	FY 2015-16		FY 2016-17	
	Amount funded	Percent	Amount funded	Percent
6-11	\$65,000	3.96%	\$170,000	8.50%
12-18	212,000	12.91%	160,000	8.00%
19-64	330,000	20.10%	453,000	22.65%
65+	450,000	27.41%	617,000	30.85%
Non-specific	585,000	35.63%	600,000	30.00%
<b>Total</b>	<b>\$1,642,000</b>	<b>100.00%</b>	<b>\$2,000,000</b>	<b>100.00%</b>

Source: Harvey M. Rose Associates, LLC compilation

**Figure 36: Grants Funded by Percentage In-District, 2015-16 and 2016-17**

Percentage in District	FY 2015-16		FY 2016-17	
	Total grants	Amount funded	Total grants	Amount funded
0-25%	2	\$92,000	4	\$170,000
26-50%	9	395,000	11	580,000
51-75%	11	525,000	7	435,000
76-100%	12	630,000	17	815,000
<b>Total</b>	<b>34</b>	<b>\$1,642,000</b>	<b>39</b>	<b>\$2,000,000</b>

Source: Harvey M. Rose Associates, LLC compilation

In FY 2015-16, the District awarded \$1,642,000 in 34 Caring Community Grants. The 34 grantees expected to serve a combined total of 31,132 District residents in

total in 2015-16, out of a total population estimate of 69,352 people served. In aggregate, residents of Sequoia Health District represent approximately 45 percent of the population expected to be served by the programs supported by District grants in 2015-16. 11 of the 34 grants awarded went to programs that expected District residents to make up 50 percent or less of the total population served. The District awarded a total of \$487,000 to these 11 programs.

In FY 2016-17, the District awarded \$2 million in 39 Caring Community Grants. The 39 grantees expected to serve a combined total of 32,161 District residents in total in 2016-17, out of a total population estimate of 68,023 people served. In aggregate, residents of Sequoia Health District represent approximately 47 percent of the population expected to be served by the programs supported by District grants in 2016-17. 15 of the 39 grants awarded went to programs that expected District residents to make up 50 percent or less of the total population served. The District awarded a total of \$750,000 to these 15 programs.

### Apple Tree Dental

Apple Tree Dental is the operator of a dental clinic and mobile dental program established in San Mateo. Under a Memorandum of Understanding for 2014-15, Sequoia Healthcare District sponsored the development of the clinic with the understanding that a minimum of 500 Sequoia Healthcare District residents would be served at the clinic or through the mobile program. The District did not allocate funding in 2016-17.

### Mission Hospice

Mission Hospice provides hospice services within San Mateo County. Under a Grant Agreement between Sequoia Healthcare District and Mission Hospice, the District agreed to provide grant funding to build the new facility. The facility opened in 2016, and Sequoia Healthcare District provided funding in 2015-16 and 2016-17.

### Sequoia 70

The 70 Strong / Sequoia 70 program is an initiative to help connect District residents with activities and services by providing community navigation via online assistance, phone, office hours, and home visits. In 2015 the District signed an agreement with Peninsula Family Services to pay for an evaluation of need and planning document for the project, and in April 2016 signed a two-year Memorandum of Understanding naming Peninsula Family Services the program operator. Peninsula Family Services is responsible for recruiting and hiring employees, developing policies and procedures, engaging a vendor to develop an online resource directory, conducting marketing and outreach, delivering services,

providing progress reports to the District Board of Directors, and engaging a firm to develop and evaluation plan.

### Oral Health Coalition

Sequoia Healthcare District has budgeted funding in 2016-17 for an Oral Health Coalition that has not yet been finalized. A draft Agreement with the County of San Mateo specifies that the entity, assumed to be Sequoia Healthcare District, will pay the County for specified services related to the recruitment and employment of two positions to implement the Oral Health Strategic Plan.

### HeartSafe

The HeartSafe program places Automated External Defibrillators (AEDs), Lucas Devices, and Code Blue Towers at various locations in San Mateo County, including police and sheriff vehicles, parks, schools, community centers, and public buildings. The program also trains residents in CPR and offers screenings at high schools.

### School Health, or the Healthy Schools Initiative

The Healthy Schools Initiative allocates funds to 8 school districts in the Sequoia Healthcare District region. The program supports school wellness, offers school-based grants, and is a part of PE+, a partnership among Redwood City Parks, Recreation and Community Services, Peninsula Community Center, and the Healthy Schools Initiative. The partner organizations provide physical education classes at school sites in Redwood City School District.

### Living Healthy, or Chronic Disease Management

Living Healthy workshops are classes offered by the District on a variety of health issues. Classes are available free of charge to District residents and are offered at various locations within the District. Classes focus on managing stress and pain, engaging in physical activities, healthy eating, communication with healthcare providers, and improving self-confidence, sleep, and memory.

## District Websites

### Sequoia Healthcare District

Figure 37 below indicates which documents are available on the Sequoia Healthcare District website. All of these documents should ideally be available to the public to ensure transparency and accountability.

**Figure 37: Documents Available on Sequoia Healthcare District’s Website**

Documents	Posted	Notes
Annual budget	√	Only 2016-17 budget posted.
Audited financial statements	√	Only 2015-16 report posted.
Annual report	√	
District newsletters	√	Newsletters are monthly; archives through October 2015.
Leases and Master Agreements		
Strategic Plan		Contains a summary only.
Financial or investment policies	√	Policy no. 22 of the posted Policies and Procedures covers investments.
Grant allocations to community orgs.	√	Only allocations for 2016-17.
District Policies and Procedures	√	
Meeting schedules and materials	√	Meeting agendas, supporting documents, and minutes all posted; arches through February 2011.

Source: Harvey M. Rose Associates

Sequoia Healthcare District has only one year of budgets and audited financial statements posted on its website. It also does not include leases and master agreements online, although it does include a one sentence description in the “finances-at-a-glance” section of the website. Similarly, the website contains a summary of the 2014-2017 Strategic Plan, but not the full plan itself. The website does contain a full list of the grants made to community organizations in 2016-17, but only for that fiscal year.

## Peninsula Health Care District

Figure 38 below indicates which documents are available on the Peninsula Health Care District website. All of these documents should ideally be available to the public to ensure transparency and accountability.

**Figure 38: Documents Available on Peninsula Health Care District's Website**

Documents	Posted	Notes
Annual Budget	√	2011-12 through 2016-17 posted.
Audited Financial Statements	√	2006-2016 posted.
Annual Report		
District newsletters	√	
Leases and Master Agreements	√	Master Agreement between the District and Mills-Peninsula Health Services.
Strategic Plan	√	Strategic and CEO performance goals.
Financial or Investment Policies	√	Financial Policy and Statement of Investment Policy both posted.
Grant Allocations to Community Orgs.		The 2016 recipients are posted but not the amounts awarded.
District Policies and Procedures	√	
Meeting Schedules and Materials	√	Public notices are posted for all meetings, but the minutes and the meeting packets are not posted for all meetings. Archives through 2011.

Source: Harvey M. Rose Associates

Peninsula Health Care District has many of the documents listed in the chart above. The District website includes ten years of audited financial statements, and six years of approved budgets. It contains a list of the organizations that received grants in Fiscal Year 2016, but not the amount granted to each organization. It also does not include any additional information about the grants, such as the number of individuals served, whether the service recipients are district residents, and the total operating budgets of the organizations themselves.

As for the Strategic Plan, the one included on the Peninsula Health Care District website is a two-page document entitled "PHCD Strategic Goals and CEO Performance Plan." While the website includes the seasonal newsletters produced by the District, it does not include the District's annual report.