



December 20, 2011

Kathleen Rollings-McDonald  
Executive Officer  
San Bernardino LAFCO  
215 D Street  
San Bernardino, CA 92415

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LAFCO  
San Bernardino County

Dear Ms. Kathleen Rollings-McDonald,

Per your request from our meeting on December 13, 2011, we are please to provide you with the information regarding the Bear Valley Community Healthcare District (BVCHD).

The answers below are to the questions you raised in our meeting (# 1 & 2). I will also answer the questions from your staff, Samuel Martinez email of December 15, 2011 (# 3, 4 & 5).

1. What is a Group Purchasing Agreement (GPO) and what value does BVCHD benefit from having a relationship with a GPO:
  - a. **RESPONSE:** AmeriNet is our GPO which is a large purchasing organization that hundreds of hospitals use to receive the lowest price based on a large purchasing pool. We would never obtain our current pricing without such a relationship with AmeriNet or similar organization.
  - b. **RESPONSE:** Value Added: we purchase at the same price tier as Loma Linda Medical Center (LLMC), this is the lowest price available from our vendors based on the volumes of BVCHD.
  
2. What information can be provided related to "Measure Q" which was on the local ballot several years ago.
  - a. **RESPONSE:** Measure Q was for earthquake mitigation/building retrofit funding. At the time the estimate of the building retrofit total cost was approximately \$20 million. BVCHD was willing to use approximately \$4 million in cash reserves which left an outstanding balance of \$16 million; thus Measure Q. As you know it did not pass.
  
3. "Does the District annually adopt an appropriations limit? If so, can you please provide the most recent resolution":
  - a. **RESPONSE:** BVCHD does not use appropriations accounting and budgeting principles. The budget is annually presented and approved by the Board of Directors each year. Our fiscal year end is June 30<sup>th</sup>.

4. "Does the District adhere to the bidding process outlined in Healthcare District Law?"
- a. **RESPONSE:** Yes. The District uses the bidding process outlined in District Law. All capital projects greater than \$25,000 requires three bids.
5. "It was mentioned that the District holds an election every ten years to re-adopt the special tax. Is there a reason behind why you have to go back every 10 years? Anyway, please provide more information on this. Also, whenever you take this new tax, does the ballot measure include a provision for an appropriation limit?"
- a. **RESPONSE:** I have been informed that in 1994 or 1995 the parcel tax measure was designated for capital expenses. In 1997 or 1998 the District went back to the voters/ballot for the same dollar amount but the usage language was redefined to be used for operations. These previous initiatives were for only a 3 year duration. In 2003, the language of the initiative stated it was to be for operations and the term of the initiative was for 10 years. Each of these 3 ballot measures were passed by the voters.

We appreciated the opportunity you provided us to present our case as to why BVCHD and San Bernardino Mountains Community Hospital District (SBMCHD) should remain separate. We are also pleased that you concur with our recommendation to remain separate and that you have removed your initial recommendation to combine the Districts from your report to the LAFCO Commission. We believe your concurrence with our position is the best result for the ongoing delivery of healthcare for our residents.

BVCHD supports your recommendation to include Crest Forest community in SBMCHD district. We also agree with your recommendation to remove the Forest Service property within the current BVCHD boundaries as indicated by the map you provided, dated May 18, 2010. We have agreed to this recommendation because at present there are no property owners on those federal forest service lands. Those areas of Sphere of Influence Reduction are labeled Area 6, Area 7, Area 8, Area 9 and Area 10. If those federal properties identified on the map are ever sold to private owners and property tax is generated by those properties/Areas, BVCHD reserves the right to request those properties/Areas be reinstated within the BVCHD Sphere of Influence.

Thank you again and if you should have any questions on any of the responses above please call me directly at 909.878.8214.

Sincerely,



Marc L. Hecksel  
Chief Executive Officer

Cc: BVCHD Board of Directors