

# **LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO**

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## **HEALTH CARE DISTRICT**

(Health and Safety Code, Sections 32000 to 32359)

### **WHAT IS A HEALTH CARE DISTRICT?**

"Local Hospital District Law" was first enacted in 1945 to allow for the maintenance of local hospitals in counties which had less than 200,000 residents. The references to maximum levels of population have been deleted and in 1994 the name of this law was changed to "Local Health Care District Law". A Local Health Care District is considered a legal subdivision of the State of California formed for the purpose of providing health care services, and in general, operation of a hospital for the benefit of the residents within the District. Most districts exist in rural areas in order to support the small hospitals which serve these communities.

### **WHO GOVERNS A HEALTH CARE DISTRICT?**

The governing body of a Health Care District is a five member Board of Directors elected at-large from within the District. All Directors must be registered voters within the territory of the District.

The Board of Directors may be increased to seven members for any district which provides at least 225 hospital beds. A petition requesting such a change needs to be signed by registered voters from within the District representing 5% of the number of votes cast in the District for the office of Governor at the last preceding election. The increase in membership will be subject to vote of the District as a whole.

Either as a function of formation, by resolution of the Board of Directors, or by submission of a petition representing 15% of the number of votes cast in the district for the Office of Governor at the last preceding election, the question of dividing the district into zones can be decided by vote within the District. If so decided, the District will be divided into five (or seven if appropriate) zones which shall provide for representation in accordance with population and geographic factors.

## **WHAT KINDS OF SERVICES CAN A HEALTH CARE DISTRICT PROVIDE?**

A Health Care District can provide one, or any combination of, the following services:

- To do any and all things which are necessary for, and to the advantage of a hospital and a nurses' training school or a child care facility for the benefit of employees of the hospital or residents of the district.
- Establish, maintain, and operate, or provide assistance in the operation of one or more health facilities or health services at any location within or without the District for the benefit of the District and the people served by the District.
- Acquire, maintain, and operate ambulances or ambulance services within and without the District.
- Establish, maintain, and operate or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups and organization which are necessary for the maintenance of good physical and mental health in the communities served by the District.

In addition to the powers listed above, Health and Safety Code Section 32121 - 32138 provide the general powers to perform acts necessary to carry out the provision of "The Local Health Care District Law". These sections should be reviewed directly to provide the necessary information on specific powers.

## **HOW CAN YOU BE ANNEXED INTO (INCLUDED WITHIN) AN EXISTING HEALTH CARE DISTRICT?**

No specific reference is made within the Local Health Care District Law as to the territory which can be included within the District. Therefore, the provisions of Govt. Code Section 56119 define the expansion of a Health Care District's boundaries. A Health Care District's boundaries can be expanded to include additional territory within its sphere of influence which is:

- Contiguous territory;
- Unincorporated or incorporated territory; and/or
- Territory within one or more counties.

The territory to be included shall not be a part of another district formed under the

same principal act unless the District has received the consent of the other district.

Proceedings for the annexation process are handled under the provisions of the Cortese/Knox Local Government Reorganization Act (Govt. Code Section 56000 et. seq.) which is administered by the Local Agency Formation Commission.

## **HOW CAN YOU FORM A LOCAL HEALTH CARE DISTRICT?**

The formation procedures to create a Local Health Care District are complex and time-consuming. The suggested and/or legally required steps for such a formation are outlined as follows:

### **COMMUNITY:**

The initiation and basic study of a proposal for formation of a Local Health Care District is the responsibility of the community or area to be served. A group of concerned citizens within the community should be assembled to sponsor the proposal and oversee its progress through the various legal and administrative procedures. The importance of an active, involved citizenry in these proceedings can not be overemphasized. The role of the community is to :

- \_ Meet with the staff of the Local Agency Formation Commission (LAFCO) to review the steps necessary to process the formation
- \_ Determine the boundaries of the proposed district. This aspect is often the most controversial of the formation process. The proponents must select boundaries which reflect a logical service area, one which can financially sustain the new district and its anticipated services as well as meeting the specifics of the Local Health Care District law.
- \_ Determine the types of services to be offered by the Health Care District along with the maintenance of the hospital itself based upon the desires of the community.
- \_ Prepare the financial analysis of the proposed district and the other documents necessary for submission of the proposal. The financial feasibility study must include a preliminary budget for the district which indicates the source and amount of probable revenues and expenses based upon the decision on services to be provided.
- \_ Raise the funds necessary to pay the LAFCO fees and other expenses related to the processing of the proposal.

## **PETITION:**

The formation process for a Local Health Care District is initiated by a petition signed by registered voters residing within the proposed district equal to 12% of the voters registered within the boundaries of the proposed district 30 days prior to the submission of the petition. (There is no allowance for initiating the proposal by resolution.) The petition must comply with the requirements of the Local Health Care District Law (Health and Safety Code Section 32000 et seq), District Organization Law (Government Code Section 58000 et. seq.) and those of the statutes governing LAFCO (Government Code Section 56000 et. seq). In order for the language of the petition to be sufficient for circulation, it must contain the following provisions:

- a. State that the proposal is being made pursuant to the Local Health Care District Law (Commencing with Health and Safety Code Section 32000 et seq.) and the Cortese Knox Local Government Reorganization Act (Government Code Section 56000 et. seq);
- b. State the nature of the proposal and list all proposed changes of organization;
- c. Set forth a description of the boundaries of the territory to be included within the District;
- d. State the proposed name for the district;
- e. Generally describe the nature of the proposed district and based upon the functions proposed to be performed by the district an estimate, verified by the proponents, of the first year's estimated income and expenses and estimated expenditures for capital improvements;
- f. Set forth any proposed terms and conditions;
- g. State the reason(s) for the proposal;
- h. Designate the chief petitioners, not to exceed three persons, setting forth their names and mailing addresses;
- i. State whether the proposal is consistent with the sphere of influence of any affected city or affected district;
- j. Request that proceedings be taken for the formation pursuant to the Local Health Care District Law and the Cortese Knox Local Government Reorganization Act.

## **LAFCO REVIEW:**

The petitions are submitted to the LAFCO office which will in turn have them reviewed and certified by the County Registrar of Voters. Once the petition for formation is deemed to have the sufficient number of signatures, the LAFCO review process will commence.

### Staff Analysis:

The LAFCO staff will forward a request for the review of and comment on the application by the office of Statewide Health Planning and Development and each area health planning agency having territory within the proposed district. These agencies have sixty days within which to respond to the request; failure to respond within this time period will be construed by LAFCO as a "No comment" response.

The LAFCO staff's analysis of the proposal will focus on the following issues:

- the proposed boundaries of the District
- the District's financial feasibility including a determination of the ad valorem property taxes to be distributed to the new district. The new district will receive a "share" of the property tax revenues generated in the community depending on the types of services to be offered by the district, the previous sources of those services, if any, and the historic cost to provide the services. No new taxes can be imposed by the creation of the District unless two-thirds of the voters approve of the proposal;
- determine the effect, if any, of the proposal upon other local agencies and communities. The response of the State wide and area health planning agencies will be reviewed and considered by the staff as to their recommendations on the viability of the District, the services to be provided and areas to be served;
- provide for an environmental assessment to determine whether the formation of the district could have a significant adverse effect on the environment. If it could, an environmental impact report must be completed prior to LAFCO review of the proposal;
- determine the appropriations limit (spending limit) for the district should it be formed.

### Commission Review:

The Local Agency Formation Commission will consider the proposal at a notice public hearing(s). After hearing the staff's recommendation and public testimony, the

Commission may either approve, modify and approve, or deny the proposed formation. If it is approved, the Commission will adopt a resolution reflecting its decision which sets forth its adopted terms and conditions for the formation. The proposed district is then sent to the conducting authority (Board of Supervisors) where no further modifications to the proposal may be made.

**CONDUCTING AUTHORITY/ELECTION:**

Pursuant to the provision of Government Code Section 57077(b) the Commission shall order the formation of the district, subject to confirmation of the registered voters. The election will be called within the boundaries of the proposed district. Unless a tax or special assessment is included in the proposal, a simple majority of voters casting a ballot in favor will form the district. If a tax or special assessment is included in the approval of the formation of the district, the ballot measure must pass by two-third majority.