

---

---

**MENDOCINO**    **Local Agency Formation Commission**

Ukiah Valley Conference Center    ♦    200 South School Street    ♦    Ukiah, California 95482

---

---

**MENDOCINO COAST HEALTHCARE  
DISTRICT**

**SPHERE OF INFLUENCE UPDATE**

Prepared in accordance with Government Code §56425

**Adopted June 6, 2016**

**MENDOCINO LOCAL AGENCY FORMATION COMMISSION**

**LAFCo Resolution No. 15-16-24**

**A RESOLUTION OF  
THE LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY  
APPROVING THE MENDOCINO COAST HEALTHCARE DISTRICT  
SPHERE OF INFLUENCE UPDATE 2016**

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the "Commission", is authorized to establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Mendocino County; and

WHEREAS, the Commission conducted an update for the Mendocino Coast Healthcare District's sphere of influence pursuant to California Government Code Section 56425; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner prescribed by law; and

WHEREAS, the Executive Officer's report and recommendations on the sphere of influence update were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the sphere of influence update on June 6, 2016; and

WHEREAS, the Commission considered all the factors required under California Government Code Section 56425.

NOW, THEREFORE, the Mendocino Local Agency Formation Commission does hereby RESOLVE, DETERMINE, and ORDER as follows:

1. This sphere of influence update has been informed by the Commission's earlier municipal service review on the Mendocino Coast Healthcare District, which was adopted by the Commission on August 4, 2014.
2. The Commission, as Lead Agency, finds the update to the Mendocino Coast Healthcare District's sphere of influence is exempt from further review under the California Environmental Quality Act pursuant to California Code of Regulations Section 15061(b)(3). This finding is based on the Commission determining with certainty the update will have no possibility of significantly effecting the environment given no new land use or municipal service authority is granted.
3. The Mendocino Coast Healthcare District confirmed during the review of its sphere of influence that its services are currently limited to operating the critical access Mendocino Coast District Hospital, the North Coast Family Health Center (a primary care rural health clinic), home healthcare services, ambulance, and hospice services. Accordingly, the Commission waives the requirement for a statement of services prescribed under Government Code Section 56425(i).
4. This sphere of influence update is assigned the following distinctive short-term designation: "Mendocino Coast Healthcare District Sphere of Influence Update 2016"

5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the Mendocino Coast Healthcare District Sphere of Influence Update report, hereby incorporated by reference.
6. The Executive Officer shall revise the official records of the Commission to reflect this update of the Mendocino Coast Healthcare District sphere of influence.

BE IT FURTHER RESOLVED that the Mendocino Coast Healthcare District's sphere of influence is reaffirmed to remain coterminous with the District boundary, as depicted in Exhibit "A".

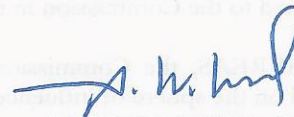
The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 6<sup>th</sup> day of June, 2016, by the following vote:

AYES: (7) Hamburg, Hammerstrom, Madrigal, McCowen, McNerlin, Orth, and Uebel

NOES:  $\emptyset$

ABSTAIN:  $\emptyset$

ABSENT: (1) Brown



JERRY WARD, Chair

ATTEST:



GEORGE WILLIAMSON, Executive Officer



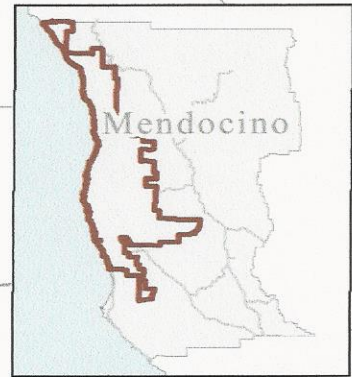
# EXHIBIT A

HUMBOLDT

TRINITY

MENDOCINO

Southern Humboldt  
Community Healthcare District



*Pacific Ocean*

Rockport

Laytonville

Fort Bragg

Willits

Mendocino

Ukiah


Elk


Point Arena

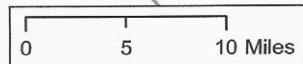
Gualala

LAKE

SONOMA

 District Boundary

 Adopted SOI (2016)



## Mendocino Coast Healthcare District

LAFCo Resolution No. 15-16-24

06-06-16

Page 3 of 3

Prepared for  
Mendocino  
LAFCo by: **PLANWEST**  
PARTNERS, INC. 

Date: 5/31/2016

Sources: Boundaries: Mendocino County; Roads: US Census TIGER; Path: D:\Planwest\_GIS\projects\mcm\mendocino\_lafco\Other\_Districts\mendocino\_coast\_healthcare\_district.mxd

## Table of Contents

|   |           |
|---|-----------|
| <b>INTRODUCTION .....</b>   | <b>3</b>  |
| OVERVIEW .....  | 3         |
| REVIEW PERIOD .....   | 3         |
| EVALUATION CONSIDERATIONS .....   | 3         |
| General Guidelines for Determining Spheres of Influence .....   | 4         |
| FIGURE 1. DISTRICT BOUNDARY AND SPHERE OF INFLUENCE .....   | 5         |
| <b>OVERVIEW .....</b>   | <b>6</b>  |
| CURRENT AGENCY OPERATIONS .....   | 6         |
| BACKGROUND .....  | 6         |
| MUNICIPAL SERVICE REVIEW .....  | 6         |
| SPHERE OF INFLUENCE .....   | 6         |
| DISADVANTAGED UNINCORPORATED COMMUNITIES .....  | 6         |
| POPULATION AND LAND USE .....   | 7         |
| Population and Growth .....   | 7         |
| Land Use and Development .....  | 7         |
| CAPACITY AND SERVICE .....  | 7         |
| Relevant Services .....   | 7         |
| Demand for Services and Capacity .....  | 8         |
| Financial Ability to Provide Services .....   | 9         |
| <b>DISCUSSION .....</b>   | <b>9</b>  |
| Sphere of Influence .....   | 9         |
| <b>ANALYSIS .....</b>   | <b>10</b> |
| 1.) Present and Planned Land Use .....  | 10        |
| 2.) Present and Probable Need for Public Facilities and Services .....  | 10        |
| 3.) Present Capacity of Facilities and Adequacy of Public Services .....  | 10        |
| 4.) Social and Economic Communities of Interest .....   | 10        |
| 5.) Present and Probable Need for Water, Sewer, or Fire Protection Services for Disadvantaged Unincorporated Communities (DUCs) ..... | 10        |
| <b>CONCLUSIONS .....</b>  | <b>10</b> |
| <b>REFERENCES .....</b>   | <b>11</b> |
| <b>APPENDIX A .....</b>   | <b>11</b> |
| FIGURE 2. DISTRICT PRIMARY AND SECONDARY SERVICE AREAS .....  | 11        |

## **INTRODUCTION**

---

### **OVERVIEW**

This update is prepared in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH Act) which states, “In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local government agencies so as to advantageously provide for the present and future needs of the county and its communities, LAFCo shall develop and determine the Sphere of Influence (SOI) of each local governmental agency within the county” (GC §56425). A “SOI” is defined under the CKH Act as “.... a plan for the probable physical boundaries and service area of a local (government) agency” (GC §56076).

Decisions on organizational changes must be consistent with the SOI boundary and determinations. The adopted SOI is used by LAFCo as a policy guide in its consideration of boundary change proposals affecting each city and special district in Mendocino County. Other agencies and individuals use adopted SOIs to better understand the services provided by each local agency and the geographic area in which those services will be available. Clear public understanding of the planned geographic availability of urban services is crucial to the preservation of agricultural land and discouraging urban sprawl.

The following update will assess and recommend an appropriate Mendocino Coast Healthcare District (MCHD or District) Sphere of Influence (SOI). The objective is to establish MCHD’s SOI relative to current legislative directives, local policies, and agency preferences in justifying whether to (a) change or (b) maintain the designation. The update draws on information from the MCHD’s Municipal Services Review (MSR), which includes the evaluation of availability, adequacy, and capacity of services provided by the District.

### **REVIEW PERIOD**

SOI reviews and updates typically occur every five years, or as needed. A local agency’s services are analyzed with a twenty year planning horizon, and a sphere is determined in a manner emphasizing a probable need for services within the next 5-10 years. Actual boundary change approvals, however, are subject to separate analysis with particular emphasis on determining whether the timing of the proposed action is appropriate.

### **EVALUATION CONSIDERATIONS**

When updating the SOI, the Commission considers and adopts written determinations:

#### **Sphere Determinations: Mandatory Written Statements**

1. Present and planned land uses in the area, including agricultural and open space.
  2. Present and probable need for public facilities and services in the area.
  3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.
  4. Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.
  5. If the city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere.
-

**MENDOCINO HEALTHCARE DISTRICT SPHERE OF INFLUENCE UPDATE**  
**MENDOCINO LAFCO**

Policies specific to Mendocino LAFCo are also considered along with determinations in administering the CKH Act in Mendocino County. This includes considering the merits of the SOI, or any changes, relative to the Commission’s seven interrelated policies, as listed below, with respect to determining the appropriate SOI.

**General Guidelines for Determining Spheres of Influence**

The following is excerpted from *Mendocino LAFCo’s 2004 Policies and Procedures*, “Chapter 5: Policies That May Apply for Some Applicants”:

1. Territory that is currently receiving services from a local agency shall be considered for inclusion within that agency’s sphere. Territory that is projected to need services within the next 5-10 years may be considered for inclusion within an agency’s sphere, depending on a number of factors required to be reviewed by LAFCo. Additional territory may be considered for inclusion if information is available that will enable the Commission to make determinations as required by Section 56425.
2. Territory will not be considered for inclusion within a city’s sphere of influence unless the area is included within the city’s general plan land use or annexation element.
3. A special district that provides services, which ultimately will be provided by another agency (e.g. mergers, consolidations) will be assigned a zero sphere.
4. When more than one agency can serve an area, agency service capabilities, costs for providing services, input from the affected community, and LAFCo’s policies will be factors in determining a sphere boundary.
5. If additional information is necessary to determine a sphere boundary a partial sphere may be approved and a special study area may be designated.
6. A local agency may be assigned a coterminous sphere with its existing boundaries if:
  - There is no anticipated need for the agency’s services outside its existing boundaries.
  - There is insufficient information to support inclusion of areas outside the agency’s boundaries in a sphere of influence.
  - The agency does not have the service capacity, access to resources (e.g. water rights) or financial ability to serve an area outside its boundaries.
  - The agency’s boundaries are contiguous with the boundaries of other agencies providing similar services.
  - The agency’s boundaries are contiguous with the sphere of influence boundaries previously assigned to another agency providing similar services.
  - The agency requests that their sphere of influence be coterminous with their boundaries.
7. If territory within the proposed sphere boundary of a local agency does not need all of the services of the agency, a service specific sphere of influence may be designated.



**FIGURE 1.**

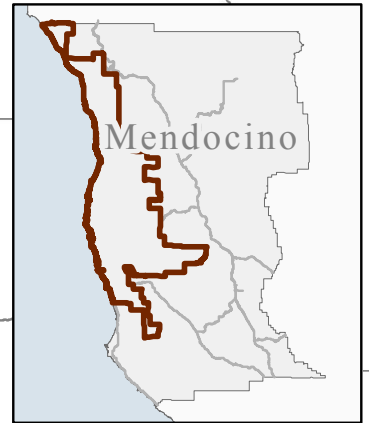
HUMBOLDT

TRINITY

MENDOCINO

Southern Humboldt  
Community Healthcare District

Mendocino



Rockport

Laytonville

Branscomb Rd.

Sherwood Rd.

Fort Bragg

Willits

Mendocino

Compche Ukiah Rd.

Orr Springs Rd.

Ukiah

Elk

128

253

1

Mountain View Rd.

Point Arena


101


Gualala

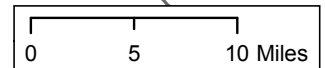
SONOMA

LAKE

*Pacific Ocean*

 District Boundary

 SOI



# Mendocino Coast Healthcare District

Prepared for **PLANWEST PARTNERS, INC.**  
Mendocino LAFCo by:   
Date: 4/25/2016

Sources: Boundaries: Mendocino County; Roads: US Census TIGER.

Path: D:\Planwest\_GIS\projects\current\Mendocino\_LAFCo\Other\_Districts\Mendocino\_Coast\_Healthcare\_District.mxd



## **OVERVIEW**

---

### **CURRENT AGENCY OPERATIONS**

The Mendocino Coast Healthcare District (MCHD) owns and operates the critical access Mendocino Coast District Hospital, the North Coast Family Health Center (a primary care rural health clinic), home healthcare services, ambulance, and hospice services along the Coast of Mendocino County (MSR 2014).

### **BACKGROUND**

MCHD was formed as an independent special district on January 17, 1967 by a vote of the District's constituents for the purpose of constructing a public hospital to serve the people of Mendocino County and continues to operate as a local healthcare district pursuant to California Health & Safety Code Section 3200, et seq. The hospital was completed in 1971. The principal act that governs the District is the Local Healthcare District Law which empowers healthcare districts to provide medical services, emergency medical, ambulance, and any other services relating to the protection of residents' health and lives. Districts must apply and obtain LAFCo approval to exercise services authorized by the principal act which are not already provided (i.e., latent powers) by the district at the end of 2000 (MSR 2014).

MCHD encompasses approximately 680 square miles and extends about 70 miles south from the Humboldt/Mendocino County line. The District is bordered on the west by the Pacific Ocean and includes the City of Fort Bragg and the communities of Westport, Cleone, Caspar, Mendocino, Little River, Albion, Comptche, and Elk. (Refer to Figure 1) Both, the hospital and the rural health clinic are located in the City of Fort Bragg.

### **MUNICIPAL SERVICE REVIEW**

A Municipal Service Review (MSR) was adopted for MCHD by the LAFCo Commission on August 4, 2014. A MSR is a part of and a prerequisite for a SOI Update; as such, much of the information contained herein comes directly from the 2014 MCHD MSR.

### **SPHERE OF INFLUENCE**

#### *Sphere of Influence*

The District's Sphere of Influence (SOI) is coterminous with its boundaries; refer to Figure 1 (MSR 2014). In addition to service to residents within the District, MCHD also serves an area along the south coast of Mendocino (Manchester, Point Arena and Gualala,), which the District calls their Secondary Service Area (Refer to Figure 2 in Appendix A). Residents in these communities do not contribute revenue to the District, nor can they be charged additional fees for services. The same applies to non-residents (visitors and tourists) who require District services while on the Mendocino Coast. The 2014 MSR recommended that this secondary service area be considered for inclusion within an updated SOI and possibly annexed into the District.

### **DISADVANTAGED UNINCORPORATED COMMUNITIES**

LAFCo is required to evaluate disadvantaged unincorporated communities (DUCs) as part of an SOI review, including the location and characteristics of any such communities. A DUC is defined as any area with 12 or more registered voters where the median household income (MHI) is less

than 80 percent of the statewide MHI. Within a DUC, three basic services are evaluated: water, sewage, and fire protection. The MCHD does not provide these services and is therefore not responsible are adequately provided to the communities.

## **POPULATION AND LAND USE**

### **Population and Growth**

In the 2014 MSR the District reported that their estimated population within the District boundary was approximately 28,000 residents. Its population density was estimated at 41 residents per square mile, compared to the countywide population density of approximately 22 residents per square mile. MCHD reported that the population within its bounds had been decreasing over the last five years; however, no formal population projections have been prepared by MCHD (MSR 2014).

The California Department of Finance (DOF) projects a population growth average of 9.5 percent every 10 years for the entirety of Mendocino County (MSR 2014). If the population within District boundaries were to grow at this rate, the District's population would reach 30,660 by the year 2020. The District contains the City of Fort Bragg, who estimates that growth in its inland areas will continue to occur at a slow but regular pace (less than 0.5 percent per year) as experienced in the last decade (MSR 2014). Along the coastal areas, similarly, the City is expecting growth at a slow but regular pace (one to two percent per year) as during the last decade (MSR 2014).

### **Land Use and Development**

As noted above, the District encompasses the City of Fort Bragg, the town of Mendocino, and various smaller coastal communities. The District is not a land use authority, and does not hold primary responsibility for implementing growth strategies. The City of Fort Bragg is the land use authority within the city boundaries, while Mendocino County is the land use authority for the unincorporated areas within the District. Within the unincorporated areas, designated land uses within the District consist primarily of timberland production, grazing, and rural residential development (MSR 2014).

## **CAPACITY AND SERVICE**

### **Relevant Services**

The MCHD owns and operates an acute-care critical access hospital and a primary-care rural health clinic, both of which are located in Fort Bragg. The District also provides hospice services and home healthcare services (MSR 2014).

#### *Hospital*

Mendocino Coast District Hospital is a 25-bed acute care facility licensed by the State of California Department of Health Services and accredited by The Joint Commission on Accreditation of Healthcare Organizations. The hospital provides emergency, inpatient and outpatient services, and healthcare education to prevent, manage and treat chronic and acute conditions. Fifteen of the hospital's acute care medical/surgical beds are licensed by the California State Department of Public Health for utilization as swing beds for use as either acute care beds or as skilled nursing beds, as the need demands (MSR 2014).

MENDOCINO HEALTHCARE DISTRICT SPHERE OF INFLUENCE UPDATE  
MENDOCINO LAFCO

*Clinic*

In 2007, the District purchased a local physician group and converted the practice into a provider-based rural health clinic. The purchase of the North Coast Family Health Center permits the District to maintain a continuity of care for primary care services in the community, and provides an additional revenue source for the District. The clinic offers primary care and specialty care services to the community, including family practice, internal medicine, women's health, general medicine, nephrology, endocrinology, ophthalmology, orthopedics, osteopathy, podiatry, pediatrics, diabetes education, bone densitometry, pacemaker checks, and spinal adjustments (MSR 2014).

*Home Health Care Program*

Under the direction of a referring physician, the home care program provides skilled healthcare and social services to the patient and family in familiar and comfortable surroundings. The home care team promotes family integrity and independence by teaching families the skills they need to care for the home patient. All referrals and communications are received through the Fort Bragg Home Healthcare office (MSR 2014).

*Ambulance Service*

The hospital is designated as a "base hospital." It monitors local and countywide emergency radio channels and can dispatch two advanced life support ambulances to any location in the District. The District operates one ambulance in Fort Bragg and one in Mendocino (MSR 2014). The District reports that the ambulance will occasionally answer calls outside the District boundary. This type of service is common among medical responders and is typically known as "goodwill" service.

*Other Providers*

Other providers deliver similar services within or adjacent to MCHD bounds, including private physicians. One of the providers is Venice Group, which provides outpatient lab services. There is also the Mendocino Coast Clinic, which is a federally qualified, not-for-profit, health center (MSR 2014). The Southern Humboldt Community Healthcare District (SHCHD) provides similar services to portions of northern Mendocino County (see Figure 1). There is no overlap between these two Districts. Although the SHCHD provides services in Mendocino County, its primary LAFCo is the Humboldt County LAFCo.

**Demand for Services and Capacity**

*Demand*

In the 2014 MSR the District reported that demand for services had decreased slightly over the previous three years (approximately 2% per year). In addition to the population decline within the District's bounds, MCHD also attributes the decreased demand for services to outflow of patients to larger hospitals, and to the fact that customers are healthier because of the focus on preventative medicine. The District also reported that they expect a slight increase in demand within their bounds over the next 10 years (MSR 2014).

*Capacity*

By 2030, MCHD will be required to replace the main hospital building because it will no longer meet the State of California earthquake requirements. The District has already commenced facility planning for this eventual need. In addition, the District has planned a number of other minor capital improvement projects, including replacing the nurse call system, adding a new telephone switchboard, and replacing flooring materials in multiple departments of the hospital. The District's

**MENDOCINO HEALTHCARE DISTRICT SPHERE OF INFLUENCE UPDATE**  
**MENDOCINO LAFCO**

hospital had an overall occupancy rate of 57.8 percent in FY 12-13, compared to a statewide average of 59.5 percent. This occupancy rates suggest that service adequacy is satisfactory, and there are enough hospital beds in the area to serve patients as needed (MSR 2014).

However, the emergency room is currently beyond capacity on major weekends and holidays. The rural health clinic is also expected to have a substantially increased number of visits and require additional facilities to handle the increase in population. Currently, the North Coast Family Health Center has about 30,000 medical visits per year. With an increase in this number, it will require an increase in the number of providers and facilities to deliver the needed services (MSR 2014).

With the increase in population, there is anticipated to be an increase in inpatient census at the hospital, which will impact the other ancillary services associated with inpatient care, such as the laboratory operation, food nutritional services, and diagnostic services. The only department that would reportedly be able to handle the increase in demand is the new diagnostic imaging center that opened in 2011 (MSR 2014).

The adequacy of hospital facilities and services in meeting the needs of District residents can be also gauged by the extent to which residents travel outside their region to receive hospital services. The rates were calculated based on patient discharge data from the Office of Statewide Health Planning and Development. About 82 percent of residents who live within MCHD boundaries patronize the District hospital.

### **Financial Ability to Provide Services**

As with most rural hospitals and districts in California, MCHD struggles financially. The financial stability of MCHD has been impacted by the closures of the Georgia Pacific Mill, reductions in the fishing and logging industry on the coast, and reductions in various reimbursement rates (MSR 2014). In 2006, the District's financing situation improved after the hospital was converted to critical access hospital (CAH) and started receiving Medicare reimbursements. However, a combination of the recession, a need for sterilized surgical equipment, and a slight loss of market share to larger hospital operators damaged the district's operating position. It is challenging for rural area hospitals to recruit physicians, and as a consequence, lack of available physicians causes an outflow of patients from the area to larger hospitals (MSR 2014).

On October 17, 2012, MCHD filed a voluntary petition for bankruptcy. The approximate amount of pre-bankruptcy debt was \$1,991,000. The District is currently taking several steps to implement operational improvements by the time it exits from bankruptcy. MCHD had to decrease its personnel and combine some positions at the hospital (MSR 2014).

Although MCHD reported that current financial levels were adequate to deliver services, the District's revenue stream significantly decreased in FY 12-13—falling short of expenditures by over \$3.2 million (MSR 2014).

## ***DISCUSSION***

---

### **Sphere of Influence**

MCHD does not typically provide services external to their boundary. Although District patrons may originate from outside the District, they receive services within District boundaries and are charged a fee for services rendered. The exception this is the occasional “goodwill” ambulance

response outside District boundaries. Such responses are common among districts which provide medical response and do not necessarily warrant an expanded SOI. The District indicates that their current District boundary and SOI meet their needs, and they do not anticipate any expansion of services in the near future (District Representative, personal communication, April 22, 2016). A coterminous SOI fits the present and anticipated near-future needs of the District.

## ***ANALYSIS***

---

As presented in the introduction, when updating the SOI, the Commission considers and adopts written determinations. The following are the formal determinations for this SOI Update:

### **1.) Present and Planned Land Use**

The MCHD consists of the City of Fort Bragg, various unincorporated communities, and unincorporated resource and rural residential land uses in Mendocino County. The Mendocino County General Plan designates the majority of land as Forest Land and Remote Residential.

### **2.) Present and Probable Need for Public Facilities and Services**

The MCHD provides healthcare facilities and services to an estimated District population of 28,000 residents. Additional residents travel from outside District boundaries to utilize services. The Mendocino Coast District Hospital is a Critical Access Hospital, which is a federal designation given to acute care hospitals located in rural areas over 35 miles from another hospital. Given the population served and distance to other medical providers, there is an ongoing need for the District's facilities and services.

### **3.) Present Capacity of Facilities and Adequacy of Public Services**

The MCHD provides a range of healthcare services and facilities, including the Mendocino Coast District Hospital and North Coast Family Health Center. The 2014 MSR deemed services provide by the District to be adequate, although the District's financial health is of concerning. A coterminous SOI is appropriate for the District given capacity and financial ability.

### **4.) Social and Economic Communities of Interest**

The MCHD supports the mutual social and economic interests of the communities in coastal Mendocino County by providing vital emergency care and other healthcare services. No areas of social or economic interest are known that are not already being served by the District.

### **5.) Present and Probable Need for Water, Sewer, or Fire Protection Services for Disadvantaged Unincorporated Communities (DUCs)**

The District does not provide water, sewer or fire protection services. No further analysis is needed.

## ***CONCLUSIONS***

---

This update serves to reaffirm the District's SOI boundary to be coterminous with the existing District boundary. See SOI in Figure 1.

## REFERENCES

---

(MSR 2014) Mendocino Local Agency Formation Commission. “Mendocino Coast Healthcare District Municipal Service Review”, adopted August 4, 2014. Prepared for the Commission by Policy Consulting Associates, LLC.

## APPENDIX A

---

**FIGURE 2. DISTRICT PRIMARY AND SECONDARY SERVICE AREAS**

