



Lou Ann Texeira  
 Executive Officer

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February 8, 2017 (Agenda)

February 8, 2017  
 Agenda Item 9

Contra Costa Local Agency Formation Commission  
 651 Pine Street, Sixth Floor  
 Martinez, CA 94553

**Requests for Proposals – 2<sup>nd</sup> Round Healthcare Services  
 Municipal Service Review (MSR) and Sphere of Influence (SOI) Updates**

Dear Commissioners:

**BACKGROUND**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that every five years, as necessary, LAFCO review and update the sphere of influence (SOI) of each local agency. As part of the SOI update, LAFCO must prepare a corresponding MSR to evaluate projected growth/population; financial ability of the agencies to provide services; status of, and opportunities for, shared services; present and planned capacity of public facilities and adequacy of public services, infrastructure needs and deficiencies; characteristics and service needs of disadvantaged unincorporated communities (DUCs); and any other issues related to the effective and/or efficient delivery of municipal services as determined by the Commission.

In April 2013, Contra Costa LAFCO completed its inaugural MSR cycle and the comprehensive review of all 19 cities and 75 special districts and corresponding SOI updates for most agencies. In accordance with the CKH Act, LAFCO initiated its 2<sup>nd</sup> round MSRs/SOI updates. To date, LAFCO has completed 2<sup>nd</sup> round MSRs covering water/wastewater services (2014); reclamation (levee) services (2015) and Fire/EMS (2016).

**DISCUSSION**

As part of the FY 2016-17 work plan and budget, the Commission approved preparing 2<sup>nd</sup> round MSRs for *healthcare services* covering three healthcare districts and County healthcare services, and for *cities/community services districts* (CSDs) covering 19 cities and six CSDs.

Due to the preparation of two special studies (West Contra Costa Healthcare District and Rollingwood Wilart Park Recreation & Park District), one of which was unanticipated, there was a delay in initiating the 2<sup>nd</sup> round healthcare and cities/CSDs MSRs. Now that both special studies are complete, or nearly complete, staff is preparing for the healthcare services and

cities/CSDs 2<sup>nd</sup> round MSRs. LAFCO staff recommends proceeding first with the healthcare services MSR, followed by the cities/CSDs MSR.

***Healthcare services is a timely issue – both locally and at the State level*** - In 2007, Costa LAFCO completed its inaugural healthcare services MSR/SOI updates covering healthcare services. The 2007 MSR covered the three independent HCDs - Mt. Diablo HCD (MDHCD), Los Medanos Community HCD (LMCHD) and WCCHD – along with Contra Costa County Health Services. *Since that time, there have been notable changes in the districts that provide healthcare services in Contra Costa County.*

In 2012, LAFCO reorganized the MDHCD, which resulted in decreasing the size of the district and converting the district to a subsidiary district to the City of Concord – now called the Concord/ Pleasant Hill Healthcare District (CPHHCD). The Concord City Council sits as the Board of Directors of the CPHHCD.

Another significant change has occurred with WCCHD. The WCCHD has struggled financially since the 1990s. Although the District emerged from a 2006 bankruptcy, it never managed to regain financial solvency and fell further into debt. In 2015, WCCHD closed its hospital, a full service acute care facility. In October 2016, WCCHD filed for bankruptcy. Because WCCHD no longer operates a hospital, and does not currently provide any other health-related services, it is a candidate for reorganization. In December 2016, LAFCO completed a special study of governance options for WCCHD (available at <http://www.contracostalafco.org/>). Presently, LAFCO has delayed taking action to dissolve or reorganize the WCCHD pending the current bankruptcy. In conjunction with the special study, LAFCO has current information on the District, along with current healthcare data which can be used in the 2<sup>nd</sup> round healthcare MSR.

There was also a change in the provision of ambulance services in Contra Costa County. County Service Area EM-1 (CSA EM-1) provides funding for paramedic ambulance services. Contra Costa County recently entered into an exclusive agreement for ambulance services with the Contra Costa County Fire Protection District (CCCFPD). CCCFPD and its private subcontractor American Medical Response (AMR) provide ambulance service to most of Contra Costa County - except for those areas served by the Moraga Orinda Fire District and the San Ramon Valley FPD, which provide their own ambulance services. The recent partnership includes a combined dispatch center. Under the new system, CCCFPD dispatches the ambulance directly. This new system went into effect in January 2016. Information on the change in ambulance services was included in LAFCO's 2<sup>nd</sup> round EMS/Fire MSR completed in October 2016.

At the State level, the Little Hoover Commission (LHC) recently embarked on a review of California's vast network of more than 4,700 special districts. An LHC advisory committee was formed to focus on how healthcare districts are rethinking their roles and relevance in an era that has favored preventative care over traditional hospital care – the original reason for the existence of California healthcare districts.

In November 2016, the LHC advisory committee met with stakeholders to obtain background information and discuss questions that have swirled for several years among legislative committees, local grand juries, healthcare analysts, and LAFCOs. Contra Costa LAFCO staff was invited to attend this meeting. Some of the major discussion issues are summarized below:

- *If a healthcare district (HCD) 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 better be 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?*

Issues raised during the discussion centered on the changing healthcare landscape and how HCDs are evolving, particularly those that do not own and operate hospitals; what makes HCDs special compared to counties; what if HCDs went away; how to avoid redundancies in services provided by counties and special districts; sharing best practices to make HCDs better; what should LAFCOs decide about HCDs; and how HCD hospitals share information with counterparts.

The LHC advisory committee will share the outcomes of the November 2016 meeting with the LHC for consideration as the LHC determines the direction of further study.

Due to the above activities around healthcare services, LAFCO staff feels it is timely to move forward with the 2<sup>nd</sup> round healthcare services MSR and SOI updates.

***Draft Request for Proposals (RFP) and Scope of Services – 2<sup>nd</sup> Round Healthcare Services MSR/SOI Updates*** - Staff has prepared a draft RFP and Scope of Services for the Commission's consideration. As proposed, the 2<sup>nd</sup> round healthcare services MSR will focus on the following:

- ❖ Updating information presented in the 2007 MSR,
- ❖ Assessing the ability of healthcare service providers to maintain relevance and meet the changing healthcare landscape, and
- ❖ Identifying opportunities for coordination/collaboration among healthcare service providers in Contra Costa County.

**Proposed Selection Process** - In accordance with our previous MSRs, LAFCO staff proposes to establish a selection committee to help review and screen the written proposals, conduct the interviews, and make a recommendation. The selection committee will be composed of LAFCO and/or other municipal service professionals.

The review of proposals will include an assessment of written proposals, followed by interviews with the most qualified firms. Written proposals will be evaluated based on various criteria including, but not limited to, experience and qualifications of the firm, understanding of the required tasks, approach to conducting MSRs/SOI updates, experience and familiarity with LAFCO, qualifications of personnel who would be assigned to work with the Contra Costa LAFCO, and cost.

Following an assessment of the written proposals, the most qualified candidates will be invited to participate in an interview. Following the interviews, a summary of proposals and a recommendation will be presented to the Commission in accordance with the proposed timeline as shown in the RFP.

Staff has compiled a list of potential bidders. A notice regarding the RFP will be sent to these firms. In addition, the RFP will be posted on the Contra Costa LAFCO, CALAFCO and California Special Districts Association (CSDA) websites.

**FINANCING:**

Adequate funding is included in the FY 2016-17 budget to cover the anticipated costs associated with the healthcare services MSR/SOI updates.

**RECOMMENDATIONS:**

1. Provide input;
2. Authorize the circulation of the RFP for the 2<sup>nd</sup> round healthcare services MSR/SOI updates; and
2. Direct staff to return to the Commission with a recommended contract award in accordance with the proposed timeline.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachments

1. Draft RFP – 2<sup>nd</sup> Round Healthcare Services MSR/SOI Updates (with Attachments A-C)
2. Draft Scope of Services – 2<sup>nd</sup> Round Healthcare Services MSR/SOI Updates

**Attachment 1  
DRAFT  
REQUEST FOR PROPOSALS FOR  
COUNTYWIDE 2<sup>ND</sup> ROUND  
HEALTHCARE SERVICES  
MUNICIPAL SERVICE REVIEW/  
SPHERE OF INFLUENCE UPDATES**

The Contra Costa Local Agency Formation Commission (LAFCO) is soliciting proposals from qualified consultants to prepare a countywide 2<sup>nd</sup> round municipal service review and sphere of influence updates of agencies that provide healthcare services in Contra Costa County.

# **REQUEST FOR PROPOSALS**

## **2<sup>nd</sup> Round Healthcare Services**

### **Municipal Service Review/Sphere of Influence Updates**

#### **I. Objective**

LAFCO seeks proposals from professional consulting firms to prepare a 2<sup>nd</sup> round municipal service review (MSR) and sphere of influence (SOI) covering public agencies involved in providing healthcare services in Contra Costa County (see Scope of Services).

In addition to reviewing the three independent healthcare districts and Contra Costa County healthcare services/programs, the scope of work also involves providing an overview of private non-profit facilities/services to add context to the report.

This work is to be completed in compliance with applicable California Government Code provisions (Attachment A) and Contra Costa LAFCO MSR guidelines (Attachment B).

#### **II. Healthcare Services**

***Healthcare Services are a Local Issue*** - In 2007, Contra Costa LAFCO completed its inaugural MSR and SOI updates covering healthcare services (prepared by Dudek and The Abaris Group). The 2007 MSR covered the three independent HCDs - Mt. Diablo HCD (MDHCD), Los Medanos Community HCD (LMCHD) and West Contra Costa HCD (WCCHD) – along with Contra Costa County Health Services. *Since that time, there have been notable changes in the districts that provide healthcare services in Contra Costa County.*

In 2012, LAFCO reorganized the MDHCD which resulted in decreasing the size of the district and converting the district to a subsidiary district to the City of Concord – now called the Concord/Pleasant Hill Healthcare District (CPHHCD). The Concord City Council sits as the Board of Directors of the CPHHCD. In FY 2016-17, the District awarded \$240,000 in grant funding to 15 community organizations. The funding is directed at improving the health and welfare of people of all ages in the Concord and Pleasant Hill communities.

Another significant change occurred with WCCHD. The WCCHD has struggled financially since the 1990s. Although the District emerged from a 2006 bankruptcy, it never managed to regain financial solvency and fell further into debt. In 2015, WCCHD closed its hospital, a full service acute care facility. In October 2016, WCCHD filed for bankruptcy. Because WCCHD no longer operates a hospital, and does not currently provide any other health-related services, it is a candidate for reorganization. In December 2016, LAFCO completed a special study of governance options for WCCHD (available at <http://www.contracostalafco.org/>). LAFCO has delayed taking action to dissolve or reorganize the WCCHD pending the current bankruptcy.

Another change recently occurred in the provision of ambulance services in Contra Costa County. County Service Area EM-1 (CSA EM-1) provides funding for paramedic ambulance services. Contra Costa County recently entered into an exclusive agreement for ambulance services with the Contra Costa County Fire Protection District (CCCFPD). The CCCFPD and its private subcontractor American Medical Response (AMR) now provide ambulance service to most of Contra Costa County - except for those areas served by the Moraga Orinda Fire District and the San Ramon Valley FPD, which provide their own ambulance services. The partnership includes a combined dispatch center. Under the new system, CCCFPD dispatches the ambulance directly. This new system went into effect January 2016.

**Healthcare Services are a Statewide Issue** – Recently, the Little Hoover Commission (LHC) embarked on a review of California’s vast network of more than 4,700 special districts. An LHC advisory committee was formed to focus on how healthcare districts are rethinking their roles and relevance in an era that has favored preventative care over traditional hospital care – the original reason for the existence of California healthcare districts.

In November 2016, the LHC advisory committee met with stakeholders to obtain background information and discuss questions that have swirled for several years among legislative committees, local grand juries, healthcare analysts, and LAFCOs. Contra Costa LAFCO staff attended this meeting. Some of the major discussion issues are summarized below:

- *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 better be 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?*

Issues raised during the discussion centered on the changing healthcare landscape and how HCDs are evolving, particularly those that do not own and operate hospitals; what makes HCDs special compared to counties; what if HCDs went away; how to avoid redundancies in services provided by counties and special districts; sharing best practices to make HCDs better; what should LAFCOs decide about HCDs; and how HCD hospitals share information with counterparts.

The LHC advisory committee will share the outcomes of the November 2016 meeting with the LHC for consideration as the LHC determines the direction of further study.

**Focus of LAFCO’s 2017 MSR** - Based on local and statewide healthcare issues, the 2<sup>nd</sup> round MSR will focus on the following: 1) updating information presented in the 2007 MSR, 2) assessing the ability of healthcare service providers to maintain relevance and meet the changing healthcare landscape, and 3) identifying opportunities for coordination/collaboration among healthcare service providers in Contra Costa County.

### **III. Background**

In 1963, the State Legislature created LAFCOs to help direct and coordinate California’s growth in a logical, efficient and orderly manner. Each of the 58 counties in California has a LAFCO. LAFCOs are charged with discouraging urban sprawl, encouraging orderly boundaries and formation of local agencies, preserving agricultural lands and open space, and regulating the extension of services outside jurisdictional boundaries.

In 2001, pursuant to the enactment of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act”; Government Code §56000 et seq.), LAFCO acquired responsibility for preparing MSRs. On or before January 1, 2008, and every five years thereafter, LAFCO shall, as necessary, review and update the SOI for each local agency. In conjunction with the SOI updates, LAFCO shall prepare corresponding MSRs.

Contra Costa LAFCO is responsible for reviewing and updating SOIs for 94 local agencies in Contra Costa County (19 cities and 75 special districts). In 2013, Contra Costa LAFCO completed its inaugural MSR cycle, and is currently working on 2<sup>nd</sup> round reviews. All Contra Costa LAFCO MSRs are available online at [http://www.contracostalafco.org/municipal\\_service\\_reviews.htm](http://www.contracostalafco.org/municipal_service_reviews.htm).

#### **IV. Scope of Services**

This project consists of reviewing three healthcare districts (CPHHCD, LMCHD, WCCHD – see Attachment C – map of healthcare districts) along with the respective roles of Contra Costa County Health Services and private, non-profit hospitals and healthcare providers in Contra Costa County to provide context in the report.

The CKH Act requires LAFCO to prepare an analysis of each service provider and a written statement of determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

A draft scope of services is enclosed with this RFP (Attachment 2). A final scope of services will be negotiated with the firm selected to conduct these service reviews and will be included with the professional services agreement to be approved by LAFCO.

#### **V. Budget**

Proposals that demonstrate that the final product will meet the requirements of the CKH Act and provide useful information in a concise format at the lowest cost will be looked upon most favorably.

#### **VI. Schedule**

The schedule associated with this RFP is as follows:

RFP Issue Date	February 9, 2017
Proposals Due	March 17, 2017
Screening/Consultant Interviews	March 17 – April 14, 2017
Commission consideration of contract approval	May 10, 2017
Consultant work begins	June 1, 2017

#### **VII. Proposal Requirements**

Responses to this RFP must include all of the following:

1. Statement about the firm that describes history, competencies and resumes of the principal and of all professionals who will be involved in the work, including the following:
  - Management level understanding of how municipal services are financed and delivered
  - Familiarity with the CKH Act, the role and functions of LAFCOs, and the MSR process



- Experience with and knowledge of the financial structure and challenges of public and nonprofit healthcare service systems
  - Experience in governmental organization analysis, including performance measurement and evaluation
  - Ability to facilitate and synthesize input from a variety of sources
  - Ability to interpret varied financial, budget and planning documents
  - Experience with the public input process and presentation and dissemination of information to local agencies and the public for review and comment
  - Availability of all professionals who will be involved in the work, including any sub-consultants.
2. Identification of the lead professional responsible for the project and others who will be involved in the day-to-day work.
  3. Identification of any sub-consultants who will be involved. If sub-consultants are proposed, describe the work they will perform and include the same information for each sub-consultant as required for items 1 and 2 above.
  4. Description of the anticipated approach for this project, discussion of any suggested changes and/or additional details relating to the draft scope of services.
  5. Statement of similar or related experience completed within the last three years and references for each such project, including contact name, address, phone number and email address.
  6. An overall project schedule, including the timing of major work tasks.
  7. Disclosure of potential conflicts of interest with local agencies in Contra Costa County.
  8. Identification of any information, materials and/ or work assistance required from the Contra Costa LAFCO to complete the project.
  9. The anticipated project cost, including:
    - a. A not-to-exceed total budget amount.
    - b. The cost and estimated work hours for each major work task identified in the draft scope of services.
    - c. The hourly rates for each person who will be involved in the work, including the rates for any sub-consultants.

## **VIII. Submittal Requirements**

- One reproducible, unbound hard copy and one electronic copy in Adobe PDF format (disk) of the proposal shall be received no later than **4:00 p.m., on Friday, March 17, 2017**, at the Contra Costa LAFCO office, located at 651 Pine Street, 6<sup>th</sup>, Martinez, CA 94553 Attn: Executive Officer. No faxed or e-mailed proposals will be accepted. Proposals received after the deadline will not be considered. If delivery is to be in person, please call the LAFCO office at (925) 335-1094 to arrange a delivery time.
- Each proposal shall be submitted in a sealed envelope and marked with the title of the RFP.
- All proposals will become property of the Contra Costa LAFCO.
- Cost of preparation of proposals shall be borne by the proposers.

- Proposals shall be signed by an authorized employee or officer in order to receive consideration.
- Contra Costa LAFCO is not responsible for proposals delivered to a person/location other than that specified herein.
- LAFCO reserves the right to reject any and all proposals.

**Summary of Insurance Requirements**

Insurance Type	Coverage Limit
General Liability	\$1,000,000
Professional Liability	\$1,000,000
Motor Vehicle Liability	\$ 500,000
Employers' Liability	\$ 100,000
Workers' Compensation	Statutory

**IX. Selection Process**

Based on relevant work experience, the completeness of the responses, cost and the overall project approach identified in the proposals received, the most qualified firms will be invited, at their expense, for an interview with the selection committee. Tentatively, interviews will be scheduled for the week of April 10, 2017.

Following interviews, the most qualified firm will be selected and a proposed contract for services, including budget, schedule and scope of services will be negotiated. Final selection will be made by LAFCO by approving a contract for services. Action by the Contra Costa LAFCO on a proposed contract is tentatively scheduled for Wednesday, May 10, 2017.

**X. LAFCO Contact**

Lou Ann Texeira, Executive Officer  
 Contra Costa LAFCO  
 651 Pine Street, 6th Floor  
 Martinez, CA 94553

Phone: (925) 335-1094  
 Email: [LouAnn.Teixeira@lafco.cccounty.us](mailto:LouAnn.Teixeira@lafco.cccounty.us)

**XI. Attachments**

1. California Government Code sections relating to MSRs and SOI updates (Attachment A)
2. Contra Costa LAFCO MSR Guidelines (Attachment B)
3. Map of Healthcare Districts in Contra Costa County (Attachment C)
4. Draft Scope of Services (Attachment 2)

**XII. Reference Information**

For general information about the Contra Costa LAFCO, including previously completed MSRs, please visit our website: [www.contracostalafco.org](http://www.contracostalafco.org)

## **ATTACHMENT A – Relevant California Government Code Sections**

### **56430**

(a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.

(c) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any request for information as to compliance with that act by submission of the consumer confidence of water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.

(d) The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.

(e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or 56426.5 or to update a sphere of influence pursuant to Section 56425.

## 56425

(e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

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

(2) The present and probable need for public facilities and services in the area.

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

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

(f) Upon determination of a sphere of influence, the commission shall adopt that sphere.

(g) On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence.

(h) In determining a sphere of influence, the commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

(i) When adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.

## ATTACHMENT B – Contra Costa LAFCO Municipal Service Review Guidelines

- 1) Purpose - To provide guidance to the Contra Costa Local Agency Formation Commission in preparing and conducting municipal service reviews.
- 2) Background - Effective January 1, 2001, the CKH Act requires LAFCO to review municipal services. The requirement for Municipal Service Reviews (MSRs) is in response to the identified need of a more coordinated and efficient public service structure to support California's growth. The MSR provides LAFCO with a tool to comprehensively study existing and projected public service conditions and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided.
- 3) Goals and Objectives - LAFCOs are required to conduct MSRs and prepare written statements of determinations with respect to each of the following [§56430], as revised 1/1/11.
  - a) Growth and population projections for the affected area.
  - b) The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the SOI.
  - c) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the SOI.
  - d) Financial ability of agencies to provide services.
  - e) Status of, and opportunities for, shared facilities.
  - f) Accountability for community service needs, including governmental structure and operational efficiencies.
  - g) Any other matter related to effective or efficient service delivery, as required by Commission policy.

As part of the MSR, the Commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the SOI, including, but not limited to, the consolidation of governmental agencies.

In conducting an MSR, the Commission may include a review of whether the agencies under review, including any public water system as defined in 56430, are in compliance with the California Safe Drinking Water Act. Further, the Commission may request information, as part of an MSR, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies as defined in 56430.

The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of public services per §56430. However, LAFCO, other local agencies and the public may subsequently use the information contained in the MSRs as a basis to pursue changes of organization or reorganization or sphere of influence amendments.

- 4) When Prepared - LAFCO will determine when MSR's are necessary. Generally, reviews will be prepared in conjunction with SOI studies or updates; however, MSR's may also be conducted independent of SOI updates based on a number of factors to be determined by the Commission. Such factors may include public health or safety issues, service provision issues associated with areas of potential growth or development, etc.

Minor amendments to a sphere of influence, as determined by LAFCO, will not require an MSR.

- 5) Services Addressed - MSR's will address identified services within the service review boundary of those agencies under LAFCO's jurisdiction and are associated with growth and development. Target services include, but are not limited to, water, sewer, drainage, libraries, roads, parks, healthcare, broadband (high-speed internet access and use), police, and fire protection. General government services such as courts, social services, human resources, treasury, tax collection and administrative services will not be included.

- 6) Agencies Included - Local agencies whose boundary changes are subject to LAFCO review, or are required to have an SOI, are subject to MSR's, and LAFCO shall encourage those local agencies to fully participate in the service review process. Services provided by other agencies (i.e., federal, state, private) may be included in the service review in order to provide a comprehensive overview of service and provide context.

- 7) Boundaries - LAFCO will determine the geographic boundaries and agencies that will be the subject of an MSR. Factors that may be considered in determining a service review boundary include, but are not limited to, existing city and special district jurisdictional and sphere boundaries; topography; geography; community boundaries; tax/assessment zones; infrastructure locations; transportation systems and roads; areas with shared facilities; areas with shared social and economic communities of interest; plus other factors as determined by LAFCO.

Service reviews may be conducted for a single agency, multiple agencies, on a sub-regional or countywide basis. An MSR may review services outside Contra Costa County, in conjunction with multi-county service providers (e.g., Byron Bethany Irrigation District, Dublin San Ramon Services District, East Bay Municipal Utility District, East Bay Regional Park District). Generally, multi-county MSR's will be prepared by the LAFCO of the principal county (§56066). Inter-agency coordination is encouraged.

- 8) Environmental Determination - The California Environmental Quality Act (CEQA) encourages the consideration of multiple related actions where appropriate. Whenever possible, LAFCO will work to streamline the MSR process by a) integrating SOI proposal processing and related CEQA processes with the MSR process; b) placing high priority on reviews of services affected by pending or anticipated proposals; c) working with city and county planners to identify areas where the short-term conduct of service reviews is needed to support orderly growth and development; and d) requesting that technical information needed for service reviews be included in the General, Specific and Master Service Plans of land use agencies and special districts.

Most MSRs will qualify for Categorical or Statutory Exemption under CEQA, as they are studies and are not typically accompanied by specific development proposals. Subsequent SOI actions may require additional environmental review.

9) Types of Service Reviews - Municipal Service Reviews will fall into two general categories:

- a) Routine reviews are anticipated to be uncomplicated and straightforward with few concerns about the adequacy of public services. Routine service reviews may be conducted for single agencies or for multiple agencies that provide similar services. The boundary of a routine service review may cover a sub-region, region or the County.
- b) Intensive reviews are anticipated to require detailed analysis of complex and controversial issues. An intensive MSR may result from a pending LAFCO proposal, or of service provision concerns otherwise identified by LAFCO.

10) Preparation

- a) The Commission will determine the priority, schedule, procedure and content for service reviews.
- b) LAFCO staff will provide a survey/questionnaire to the affected agency(ies) identified in the service review work plan.
- c) If needed, LAFCO may hold scoping meetings. All affected agencies, interested agencies and persons or entities requesting notice will receive a mailed notice.
- d) LAFCO staff will review submitted MSR information, coordinate and follow-up with the affected agencies.
- e) LAFCO will prepare or cause to be prepared a Draft MSR for circulation to affected agencies and other interested parties for review and comment.
- f) The Draft MSR will be considered at a public hearing, at which time the Commission may accept the report with or without modifications, adopt the required determinations, direct staff to prepare the Final MSR, and take other actions as appropriate.
- g) The cost associated with conducting the baseline MSRs will be incorporated in the annual LAFCO budget, and will be shared by the funding agencies. Agencies requiring a separate or expedited review will be required to fund the MSR.

11) Timing

On or before January 1, 2008, and every five years thereafter, the Commission shall, as necessary, review and update every sphere of influence [§56425(g)]. MSRs will be completed, as necessary, concurrent with SOI formations, updates or substantial amendments, but not less than every five years.

12) Factors for Analysis - As part of its review of municipal services, LAFCO must prepare a written statement of its determination with respect to the following factors. [§56430]

Determination 1: Growth and population projections for the affected area.

The efficient provision of public services is linked to an agency's ability to plan for future needs. Such factors as projected growth in and around the agency's service areas and impact of land use plans and growth patterns on service

demands may be reviewed. In making a determination on growth and population projections, LAFCO may consider an agency's ability to plan for future need.

Determination 2: *The location and characteristic of any DUCs within or contiguous to the SOI.*

Determination 3: *Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the SOI.*

The present and planned capacity of public facilities and services is linked to an agency's ability to plan for future needs, including infrastructure (e.g., water, sewer, fire, broadband, etc.). The term "infrastructure needs and deficiencies" refers to the status of existing and planned infrastructure and its relationship to the quality of levels of service that can or need to be provided. In making a determination on infrastructure needs or deficiencies, LAFCO may consider ways in which the agency has the ability and capacity to provide service. LAFCO shall consider service and infrastructure needs related to sewer, water and fire protection within a DUC as defined by LAFCO.

Determination 4: *Financial ability of agencies to provide services.*

LAFCOs must weigh a community's public service needs against the resources available to fund the services. In making a determination on the financial ability of an agency to provide services, LAFCO may review such factors as an agency's potential for shared financing and/or joint funding applications, cost avoidance opportunities, rate structures, and other fiscal constraints and opportunities.

Determination 5: *Status of, and opportunities for, shared facilities.*

If service providers develop strategies for sharing resources, public service costs may be reduced and service efficiencies increased. In making a determination on opportunities for shared facilities, LAFCO may consider if an agency's facilities are currently being utilized to capacity and whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies.

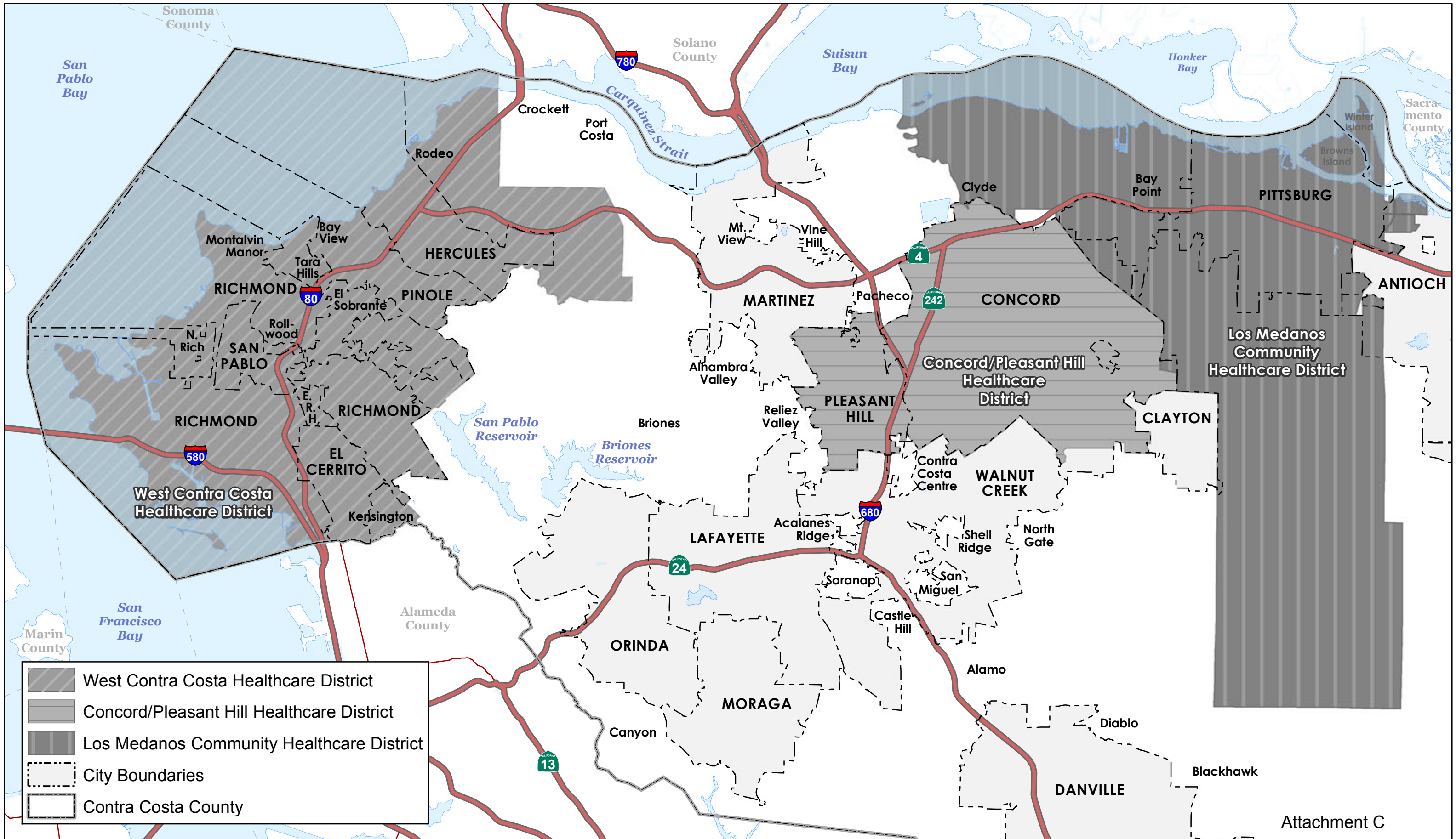
Determination 6: *Accountability for community service needs, including governmental structure and operational efficiencies.*

The service review may include options to provide more logical service boundaries to the benefit of customers and regional planning goals and objectives. In making a determination on government structure, LAFCO may consider possible consolidations, mergers and/or reorganizations. The service review may also consider the agency's management efficiencies in terms of operations and practices in relation to the agency's ability to meet current and future service demands.

Determination 7: *Any other matter related to effective or efficient service delivery, as required by Commission policy.*



# Healthcare Districts and Coterminus SOIs

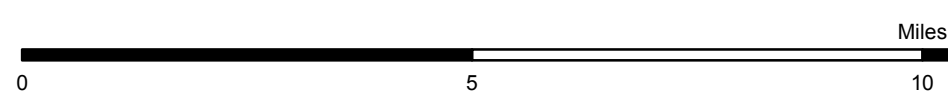


	West Contra Costa Healthcare District
	Concord/Pleasant Hill Healthcare District
	Los Medanos Community Healthcare District
	City Boundaries
	Contra Costa County

Attachment C

Map created 01/17/2017  
 by Contra Costa County Department of Conservation and Development, GIS Group  
 30 Muir Road, Martinez, CA 94553  
 37:59:41.791N 122:07:03.756W

This map or dataset was created by the Contra Costa County Department of Conservation and Development with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.



**Attachment 2**  
**REQUEST FOR PROPOSALS**  
**Countywide 2<sup>nd</sup> Round**  
**Healthcare Services Municipal Service Review**  
**DRAFT SCOPE OF SERVICES**

Contra Costa LAFCO will conduct a 2<sup>nd</sup> round municipal service review (MSR) and sphere of influence (SOI) updates of healthcare services in Contra Costa County. Contra Costa LAFCO completed its inaugural review of these services in 2007. The 2007 MSR report is available online at [www.contracostalafco.org](http://www.contracostalafco.org).

**Countywide Healthcare Service Providers**

The geographic area for this MSR is all of Contra Costa County. Municipal service providers, including the three independent special districts and Contra Costa County, will be the primary focus of the MSR. Upon completion of the MSR, LAFCO will update the spheres of influence (SOIs) for the special districts, as necessary.

This project consists of reviewing three healthcare districts - Concord/Pleasant Hill Healthcare District (CPHHCD), Los Medanos Community Healthcare District, West Contra Costa Healthcare D (see Attachment C – map of healthcare districts) and Contra Costa County Health Services.

**OTHER AGENCIES**

Other agencies such as private and non-profit hospitals, clinics and major healthcare providers in Contra Costa County may also be included in the MSR to the extent necessary to establish relationships, quantify services and provide a comprehensive overview of services countywide.

**Background**

California Government Code §56430 requires LAFCO to conduct MSRs in order to develop information for updating SOIs. The statute requires LAFCO to prepare and adopt a written determination relating to each of the following:

- (1) Growth and population projections for the affected area
- (2) The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the SOI
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the SOI
- (4) Financial ability of agencies to provide services
- (5) Status of, and opportunities for, shared facilities
- (6) Accountability for community service needs, including governmental structure and operational efficiencies
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy

LAFCO staff will provide information concerning the location of DUCs. The MSR report will include recommended determinations for each local agency covered in the report.

California Government Code §56425 requires LAFCO, when determining an SOI, to prepare and adopt a written statement of determination for each local agency regarding the following:

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

2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any DUCs within the existing SOI.
6. The nature, location, and extent of any functions or classes of services provided by existing districts.

The MSR will include recommended SOI determinations for each SOI update covered in the MSR report.

### **Healthcare Service Issues and Topics**

In addition to those issues contained in the statute, the following is a working list of healthcare service issues and topics that have also been identified for discussion in the second round MSR:

- Healthcare district's ability to assess and address local healthcare needs
- Healthcare districts' ability to meet future public healthcare challenges, including the possible dismantling of the Affordable Care Act
- Healthcare districts' role in providing Whole Person Care - premised on meeting the full spectrum of needs—medical, behavioral, socioeconomic and beyond—in a coordinated and integrated way
- Relationships/coordination among public and private healthcare service providers in the County
- Regulatory changes in healthcare services since the last MSR in 2007
- Best management practices for grant givers (e.g., internal control systems, pre-grant review, pre-award process, managing performance, assessing and using results, etc.)
- Fiscal impacts including fluctuations in tax revenue; ability of local agencies to meet bond debt service and/or out-year pension and healthcare obligations; unfunded liabilities; etc.

We understand that the County produced a Community Health Needs Assessments (CHNA) in 2010, and that the hospitals in Contra Costa County (i.e., John Muir, Kaiser Richmond, Kaiser Walnut Creek, San Ramon Regional and Sutter Antioch) have produced more recent CHNAs (available online). These reports may be useful in addressing some of the topics listed above.

### **Service Review Task Overview**

The countywide healthcare services MSR will be conducted in accordance with the California Government Code and local LAFCO guidelines. Preparation of the MSR will include the following steps, although other activities may be necessary:

#### **1. Data Collection and Review**

- Work with LAFCO staff to identify appropriate criteria to be used in service review
- Work with LAFCO staff to develop and distribute initial and supplemental requests for information (RFIs)
- Collect information through survey, research, interview, meetings and other appropriate means
- Compile information in a database or other appropriate format
- Verify compiled information with agencies

*Timing and work products: On or before (insert deadline), Consultant shall deliver to LAFCO staff complete information for each agency*

## **2. Administrative Draft MSR Report**

- Following compilation and analysis of data, prepare an administrative draft MSR report that includes the following: table of contents, executive summary, agency profiles (i.e., population, services/programs, user info, budget/financial info, other relevant info) tables, graphs and agency maps (mapping will be provided by LAFCO), quantitative and qualitative information relating to the MSR and SOI factors including discussion of critical issues facing service providers, recommended determinations per 56425 and 56430, governance/boundary options, and recommended SOI updates
- In conjunction with LAFCO staff, distribute administrative draft to the districts and the County for staff-to-staff review and comment
- Discuss/address comments with local agencies and LAFCO staff

*Timing and work products: On or before (insert deadline), Consultant shall deliver to LAFCO staff administrative draft MSR*

## **3. Public Review MSR Report**

- Prepare a Public Review MSR report including updated information from Task 2
- In conjunction with LAFCO staff, distribute or make available the Public Review Draft to LAFCO, local agencies and the general public
- Present Public Review MSR report to LAFCO at a public hearing

*Timing and work products: On or before (insert deadline), Consultant shall deliver to LAFCO a Public Review MSR (Word and PDF formatted versions)*

## **4. Final MSR Report**

- Prepare a Final MSR report incorporating written and oral comments for consideration by the Commission at a public hearing (if necessary, prepare a comment log)
- Present Final MSR report along with recommended determinations and SOI recommendations to LAFCO at a public hearing for adoption
- Based on direction from the Commission and LAFCO staff, and subsequent to the public hearing on the Final MSR report, finalize the MSR report for circulation and posting on the LAFCO website

*Timing and work products: On or before (insert deadline), Consultant shall deliver to LAFCO a MS Word formatted and PDF formatted version of the Final MSR report*

In accordance with the work plan, Consultant is expected to:

- Conduct the service review process in a collaborative fashion with opportunities for input and review by each of the agencies being reviewed.
- Encourage public participation in the service review process.
- Conduct the required analysis in the most cost-effective manner possible.
- Utilize information that is currently available, including information obtained from LAFCO's initial RFI, the 2016 LAFCO *Special Study of Governance Options – West Contra Costa Healthcare District*, various community healthcare needs assessments prepared by Contra Costa County and local hospitals, the 2007 LAFCO Healthcare Services MSR, etc.
- Create a product that will be useful to the Commission in reviewing and updating SOIs and future proposals for changes of organization, beneficial to agencies as a planning tool, and readily accessible to, and easily understandable by, the general public.