

## Collected Determinations from Palm Drive Health Care District Municipal Service Review

Sonoma LAFCO adopted a Municipal Service Review for the Palm Drive Health Care District on August 3, 2016. Staff has selected key determinations from that report that the Commission may wish to direct staff to revisit with the District, either to provide updated information or to assess whether the determinations continue to be valid.

- PDHCD has had difficulty meeting what the District considers its primary mission: supporting a viable and sustainable hospital with emergency services for the West County area.
- The necessity of providing acute care and emergency care services is tenuous, given the protocols for patient destination/point of entry issued by the Coastal Valleys Emergency Medical Services (EMS) Agency and the healthcare services landscape in the County.
- The District is advised to at least consider other service models as a contingency exercise, should the hospital/emergency room focus becomes unsustainable.
- Options for continued support of West County communities might include other medical services such as:
  - Urgent care clinic(s)
  - Community health clinic(s)
  - Other community health initiatives
  - Funding of ambulance or other emergency response services (providing or subsidizing these services would require exercise of the District's latent powers, subject to approval by LAFCO)
- If detachment of the Russian River communities is granted, the District would need to identify new funding sources, seek additional debt financing, identify expense cuts, or some combination thereof if it wishes to provide the planned subsidies to the hospital. The District would otherwise be unable to provide full, planned subsidies beginning as early as 2018.
- The District retains the authority to seek additional revenue from the community, to support hospital subsidies or other public health programs, by proposing a raise in the parcel tax amount, which would have to be authorized by voters. The District also has the right to seek additional debt financing, using the hospital facility and/or future tax revenues as collateral, although loan terms would very likely be quite onerous given the existing debt burden and the lack of a credit rating for the District.

- The District should consider preparing capital plans for the hospital facility and for equipment to better predict the need for subsidies to the existing or future hospital operator and should consider retaining direct responsibility and oversight of funding devoted to these expense categories.
- Without prejudice, LAFCO recommends that the District endeavor to exceed the minimum regulatory standards of disclosure and re-commit to a sense of partnership with the community it serves; and that the constituents of the District, while fully exercising their rights to participate in District deliberations, continue to attempt to work cooperatively with the District board and staff.
- The governance model employed by the District in partnership with SWMC (or potentially another hospital operator) should be re-evaluated to address concerns regarding transparency of decision-making and potential responsibilities for liabilities of the hospital operator.