



# Cambria Community Healthcare District

## Municipal Service Review and Sphere of Influence Study

Prepared by

*the San Luis Obispo Local Agency Formation Commission*

Adopted May 16, 2024

## **Acknowledgments**

San Luis Obispo LAFCO gratefully acknowledges the time and effort of staff with the Cambria Community Services District in assisting in the preparation of this report and includes – but not limited to – the following:

Linda Hendy, Cambria Community Healthcare District, Administrator

Michael Bryant, Cambria Community Healthcare District, Paramedic Supervisor

Cecilia Montalvo, Cambria Community Healthcare District, Board President

Iggy Fedoroff, Cambria Community Healthcare District, Board Member

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## ABOUT LAFCO

### Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are considered regional subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) with principal oversight provided by the Assembly Committee on Local Government. LAFCOs are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and special districts as well as their municipal service areas.

### Regulatory Responsibilities

LAFCOs' principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California. CKH defines "special district" to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO oversight with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts. LAFCOs are also tasked with overseeing the approval process for cities, towns, and special districts to provide new or extended services beyond their jurisdictional boundaries by contracts or agreements or annexation. LAFCOs also oversee special district actions to either activate new service functions and service classes or divest existing services. LAFCOs generally exercise their regulatory authority in response to applications submitted by affected agencies, landowners, or registered voters. Recent amendments to CKH also authorize and encourage LAFCOs to initiate jurisdictional changes to form, consolidate, and dissolve special districts consistent with community needs.

## **Planning Responsibilities**

LAFCOs inform their regulatory actions, in part, through two central planning responsibilities: (a) making sphere of influence determinations and (b) preparing municipal service reviews. With these and other relevant information in the record, LAFCO makes decisions on a variety of matters, including but not limited to annexations to cities and special districts, city incorporations, activation of powers for special districts, dissolutions of special districts, etc.

## **Sphere of Influence (SOI)**

A SOI is defined by G.C. 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI is generally considered a 20-year, long-range planning tool. LAFCOs establish, amend, and update spheres for all applicable jurisdictions in California every five years, or as necessary. When updating the SOI, LAFCOs are required to consider and prepare a written statement of its determinations with respect to each of the following 5 factors:

- 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.

SOI determinations have been a core planning function of LAFCOs since 1971. The intent in preparing the written statements is to orient LAFCOs in addressing the core principles underlying the sensible development of local agencies consistent with the anticipated needs of the affected communities.

### **Municipal Service Reviews (MSR)**

MSRs in contrast, are intended to inform, among other activities, SOI determinations. LAFCOs also prepare MSRs regardless of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. When updating a MSR, LAFCOs are required to consider and prepare written statements of its determinations with respect to each of the following 7 factors:

- 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.

### **LAFCO Decision-Making**

LAFCO decisions are legislative in nature and therefore are not subject to an outside appeal process; only courts can overturn LAFCO decisions. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals so long as not establishing any terms that directly affects land use density or intensity, property development, or subdivision requirements.

LAFCOs are generally governed by a board comprising of county supervisors, city council members, independent special district members, representatives of the general public, and an alternate member for each category. SLO LAFCO is governed by a 7-member board comprising of two county supervisors, two city council members, two independent special district members, one representative of the general public, and an alternate member for each category. All members serve four-year terms and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs are independent of local government with their own staff. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the Commission. In addition, all LAFCOs must also appoint their own legal counsel.

**SLO LAFCO**

**Regular Commissioners**

Chair Marshall Ochylski	Special District Member
Vice Chair Steve Gregory	City Member
Jimmy Paulding	County Member
Debbie Arnold	County Member
Robert Enns	Special District Member
Ed Waage	City Member
Heather Jensen	Public Member

**Alternate Commissioners**

Carla Wixom	City Member
Dawn Ortiz-Legg	County Member
Ed Eby	Special District Member



David Watson	Public Member
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**Staff**

Rob Fitzroy	Executive Officer
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Imelda Marquez-Vawter	Analyst
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Morgan Bing	Clerk Analyst
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Brian Pierik	Legal Counsel
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**Contact Information**

San Luis Obispo LAFCO’s office is located at 1042 Pacific St Suite A in the City of San Luis Obispo. The LAFCO office is open by appointment to discuss proposals or other matters and can be scheduled by calling 805-781-5795. Additional information is also available online by visiting [slo.lafco.ca.gov](https://slo.lafco.ca.gov).

## DISTRICT MSR & SPHERE STUDY

### Overview

Hospital districts in California began forming in the mid-1940's in order to fund the construction and operation of hospital facilities in rural and urbanizing areas during a period of rapid population growth and comparatively undeveloped capital markets that now provide private financing for healthcare facilities of all types. The use of the property tax for this purpose required an organization with a boundary and service area – a special district.

This report represents San Luis Obispo LAFCO's scheduled municipal service review for the Cambria Community Healthcare District (CCHCD or District) which provides Advanced Life Support ambulance service and community health education, located in the northwestern coastal region of San Luis Obispo County and serves the communities of Cambria, San Simeon, and the surrounding North Coast of San Luis Obispo County. CCHD also provides ambulance services outside of its boundaries as allowed under the CA Health and Safety Code Section 32121 (I). The areas receiving service outside of CCHD's service area boundary, pursuant to Health and Safety Code Section 32121 (I), are the Coastal Zone in Monterey County which is the southern portions of the County bordering SLO County and at times numerous areas within SLO County through the San Luis Ambulance move up and cover system as it is discussed further later in the report.

The report has been prepared by staff consistent with the requirements of the CKH Act. The purpose of this report is to produce an independent assessment of municipal services in this area over the next five years or as necessary, relative to the Commission's regional growth management duties and responsibilities as established by the State Legislature. This includes evaluating the current and future relationship between the availability, demand, and adequacy of municipal services within the service areas of the CCHD subject to the Commission's oversight. The information generated as part of the report will be used by the Commission in (a) guiding subsequent sphere of influence updates, (b)

informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as special district formations, consolidations, and/or dissolutions.

The period for collecting data to inform the Commission’s analysis and related projections on population growth and service demands has been set to cover any major updates and changes since the last time the MSR was updated in 2014. The financial analysis has been set to cover the last five-year audited fiscal year period. The timeframe for the report has been generally oriented to cover the next five to seven-year period with the former (ten years) serving as the analysis anchor as contemplated under State law.

The document outline serves to inform all the state-mandated requirements outlined in government code sections 56430 and 56425. Written determinations have been included as the concluding chapter of this document.

**At A Glance**

Table 1: District Profile<sup>1</sup>

Agency Name	Cambria Community Healthcare District
Formation	1947
Legal Authority	California Health and Safety Code §32000-32003
Office Location	2535 Main Street Cambria, CA 93428
Website	<a href="http://www.cambria-healthcare.org">www.cambria-healthcare.org</a>
Administrator <sup>2</sup>	Linda Hendy
Employees	15 Full-time Employees, 15 Reserve/Contracted employees
Public Meetings	The Cambria Community Healthcare District (CCHD) Board of Directors holds its regular meetings on the fourth Tuesday of the month at 9:00 a.m. Special meetings may be scheduled on an as-needed basis.
Board of Directors	Five members elected to four-year terms
Powers	The District operates an Advanced Life Support ambulance service and provides community health education.
District Service Area	Approx. 310 square miles not including the 500 square miles within Monterey County
Population Estimate	6,520 <sup>3</sup> residents and over 1 million annual visitors
Revenues	\$2,359,807 <sup>4</sup>

<sup>1</sup> As of submission of MSR-SOI Request for Information Questionnaire, December 2023

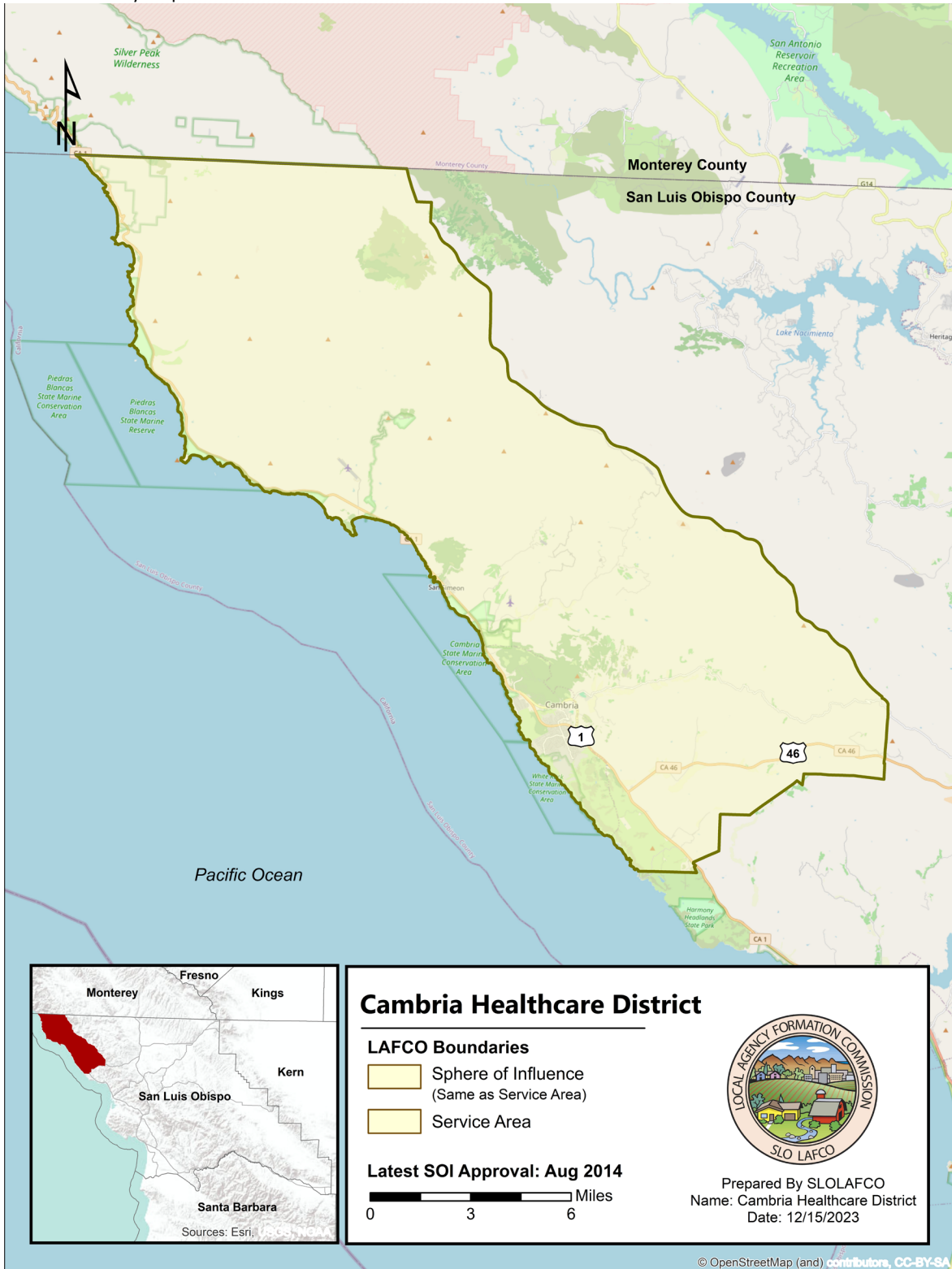
<sup>2</sup> Health and Safety Code Sections 32121 – 32140 outlines a Healthcare District’s Powers, wherein the district is allowed to enter into a written employment agreement with a hospital administrator or employ any officers and employees the board of directors deems necessary to carry on properly the business of the district.

<sup>3</sup> Cambria CDP 2020 US Census Data, San Simeon CDP 2020 US Census Data and San Luis Obispo Council of Governments 2050 Regional Growth Forecast (Figure 118)

<sup>4</sup> Cambria Community Healthcare District Audited Financial Statements June 30, 2023

## Boundary Map

Figure 1: CCHD Boundary Map



## Sphere of Influence

### **Existing & Proposed SOI**

In 1984 LAFCO adopted a Sphere of Influence for the CCHD that was coterminous with the District service boundary. In 2007 and 2014 LAFCO reaffirmed the coterminous SOI for the District. CCHD’s existing SOI remains coterminous to the District’s service area boundary. The CCHD does not wish to make any SOI adjustments at this time; therefore, no areas specifically requested by the District are being studied for possible inclusion into the District.

## Accountability

CCHD is an independent special district governed by a five-member Board of Directors who are elected to four-year terms. In 2022, the CCHD moved from at-large to by-district elections to eliminate the risk of any potential litigation against the District. Directors do not receive per diem or compensation for attending board meetings or board committee meetings. The Board holds regular meetings on the fourth Tuesday of the month at 9:00 AM at Old Cambria Grammar School, 1350 Main Street Cambria, CA 93428. Currently, the board room is open to the public who wish to attend meetings in person; however, meetings are also available by teleconference. Agendas and board packets are officially posted on the CCHD website and bulletin boards at the meeting location and are made available a minimum of 72 hours prior to the meeting in accordance with the Brown Act. Every agenda for a regular meeting provides an opportunity for members of the public to directly address the Board.

Table 2: CCHD Board of Directors

<b>Board Member</b>	<b>Title</b>	<b>Term Expiration</b>
<b>Cecilia Montalvo</b>	President	December 2024
<b>Laurie Mileur</b>	Vice President	December 2026
<b>Dawn Kulesa</b>	Board Member	December 2026
<b>Bruce Mumper</b>	Board Member	December 2024
<b>Igor Fedoroff</b>	Board Member	December 2024

CCHD has several sub-committees that help shape the District’s needs and guide District operations. There are a total of 8 sub-committees (Executive Committee (Ad Hoc); Finance Committee; Property

and Facility Committee (Standing); Development Committee (Standing); Healthcare Advocacy and Outreach Committee (Standing); Strategic Planning Committee (Ad Hoc); Facility Project Committee (Ad Hoc); and Trust Committee (Ad Hoc)). The CCHD website posts each committee’s purpose and the members involved.

CCHD currently employs 15 full-time and 15 reserve or contracted employees including the Administrator/Finance, Director of Operations and Supervisor of Paramedics. Current staffing levels are considered adequate to provide services within the District’s service area. CCHD recently implemented new supervisor positions to provide 24/7 coverage and additional cross-training.

CCHD maintains an up-to-date website in compliance with Senate Bill 929 which contains contact information for the District, the current agenda, financial transaction reports, compensation reports, and an SB 272 Enterprise System catalog. Audio/visual recordings are also made available for public access on the website. CCHD reports that all Form 700 financial disclosures are current. The District maintains active memberships with several supportive associations including the California Special Districts Association and Special District Risk Management Authority.

### **Population Profile**

CCHD is located in the north coast area of the County which includes the following communities and areas: 1)Cambria, 2)Harmony, 3)San Simeon, and 4)Rural areas on the North Coast up to the Monterey County line. CCHD predominantly follows the North Coast Planning Area boundary although the District’s boundaries do not overlap exactly and some areas on the eastern side extend beyond the planning area discussed. While there are no specific population growth forecasts for CCHD boundaries due to data limitations, Table 3 shows projections for the North Coast Planning Area boundary. During the summer months, the population increases dramatically with the influx of tourists to the area. Tourist population numbers are not shown in the table below but are estimated at over 1 million<sup>5</sup> annual visitors.

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<sup>5</sup> As of submission of MSR-SOI Request for Information Questionnaire, December 2023

Table 3: Population Projections<sup>6</sup>

<b>Population Forecast</b>	<b>2010</b>	<b>2020</b>	<b>2050</b>	<b>Growth Rate</b>
<b>Forecasted population served by CCHD and within the North Coast Area Plan Boundary</b>				
Cambria	6,025	5,678	6,217	3.2%
San Simeon	450	445	463	2.9%
Rural Areas	385	397	415	7.8%
<b><u>Total</u></b>	<b><u>6,860</u></b>	<b><u>6,520</u></b>	<b><u>7,095</u></b>	<b><u>3.4%</u></b>

### **Disadvantaged Unincorporated Communities**

In 2011, SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to Disadvantaged Unincorporated Communities (DUCs), including the addition of SOI determination number five, which states:

*“(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.”*

DUCs are defined in government code section 56033.5 as inhabited territories (containing 12 or more registered voters) where the annual median household income (MHI) is less than 80 percent of the statewide annual median household income. LAFCOs are required to make written determinations regarding DUCs within a city or special district’s SOI in Municipal Services Reviews. In addition, Government Code Section 56375 (a)(8)(A) prohibits LAFCO from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal unless an application to annex the DUC has been filed with LAFCO. The legislative intent is to prohibit selective

<sup>6</sup> Cambria CDP 2020 US Census Data, San Simeon CDP 2020 US Census Data and San Luis Obispo Council of Governments 2050 Regional Growth Forecast (Figure 118)



annexations by cities of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services.

As previously mentioned, one of the qualifications for a DUC is a community with an annual MHI that is less than 80 percent of the statewide annual MHI. California's MHI is \$84,097; therefore, the threshold for a DUC (80% of the state's MHI) is an MHI less than \$67,277. To identify the MHI for locations within the unincorporated areas of SLO County, and to identify those that meet the DUC MHI threshold, LAFCO used U.S. Census American Community Survey (ACS) five-year reports for Census Block Groups and Census Designated Places data. Once a Census Block Group (CBG)<sup>7</sup> or a Census Designated Place (CDP)<sup>8</sup> meets the DUC MHI threshold, LAFCO must then verify that those areas are inhabited as specified in government code section 56033.5. For the purpose of identifying whether a location is inhabited, LAFCO staff used Registered Voter data from the SLO County Clerk-Recorder to verify that any CBG and CDP area that was flagged is also inhabited (containing 12 or more registered voters).

Two communities within CCHD's boundaries meet this definition: the unincorporated communities of San Simeon and a portion of the community of Cambria. LAFCO identified the DUCs at the Census Block Group level, as seen in Figure 2 on the following page. The first is San Simeon DUC Area #1 with an estimated MHI of \$50,486 and approximately 200 registered voters. The second is Cambria DUC Area #1 with an estimated MHI of \$51,875 and approximately 529 registered voters. It should be noted that the identified DUCs include some open space, recreation, public facilities, and agriculture-zoned areas with no registered voters, and determinations made are for the inhabited areas only, per State law.

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<sup>7</sup> Block groups are a group of blocks within a census tract with populations of 600 to 3,000 people.

<sup>8</sup> CDPs are a statistical geography representing closely settled, unincorporated communities that are locally recognized and identified by name.

Figure 2: San Simeon Disadvantaged Unincorporated Community Area #1 Boundary Map

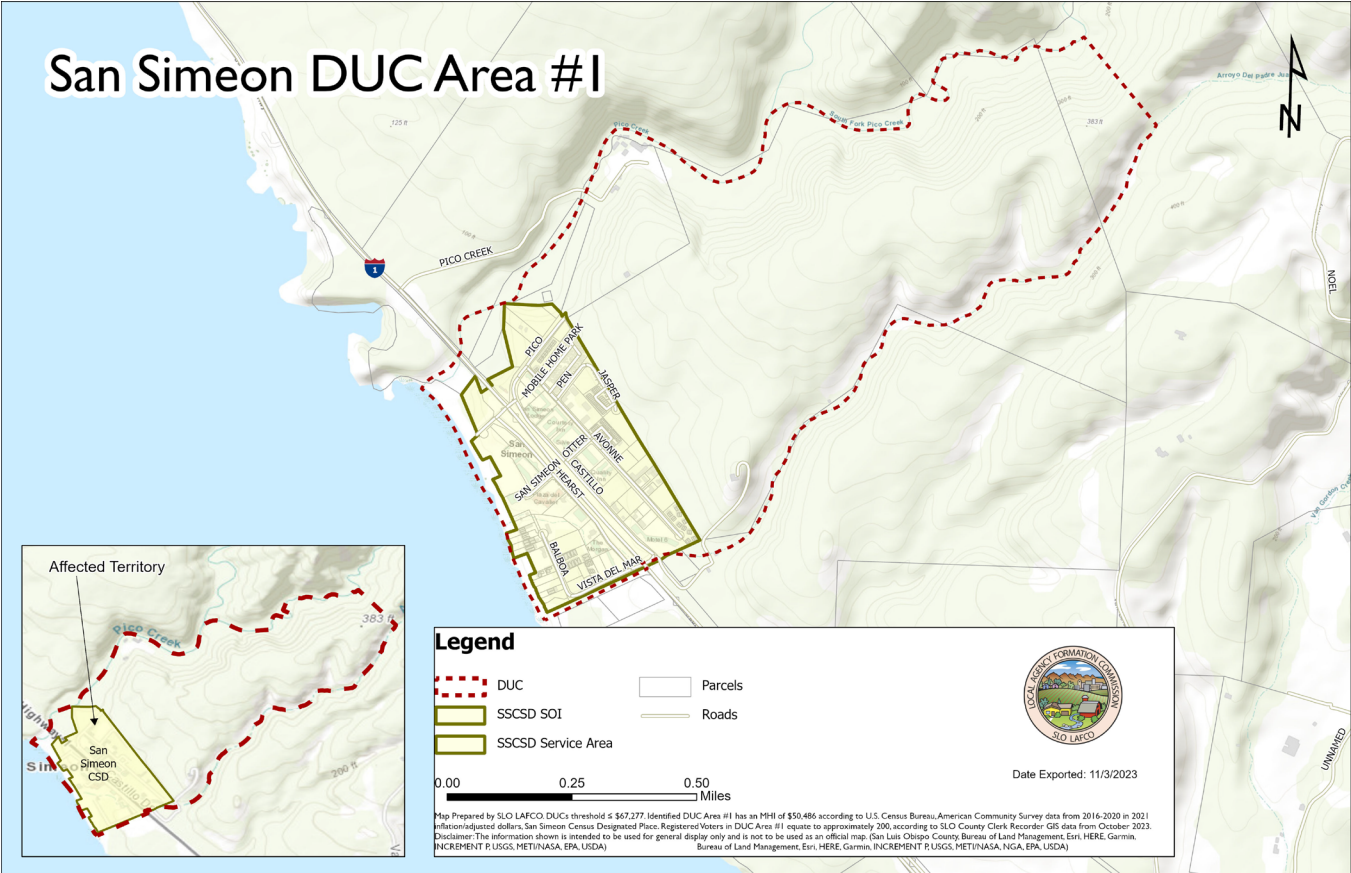
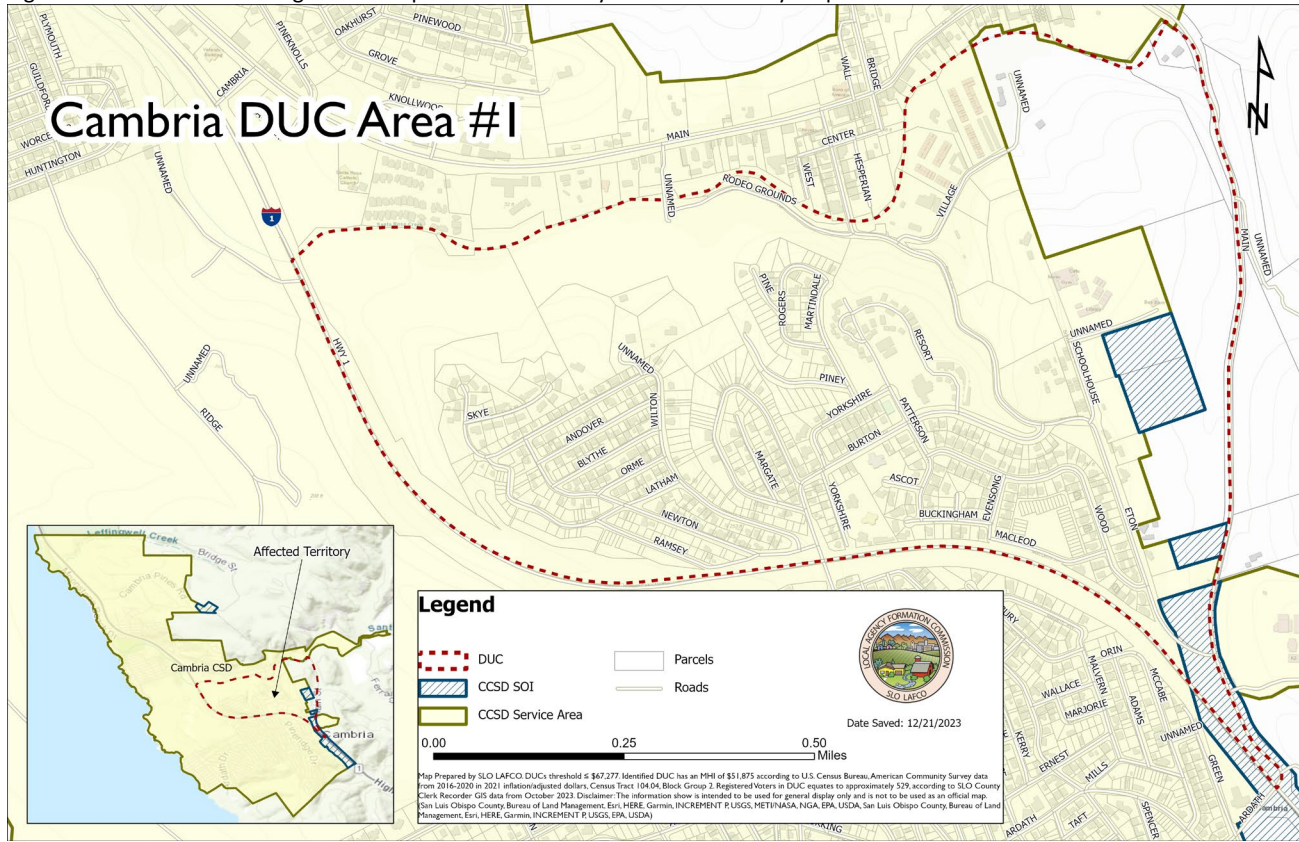


Figure 3: Cambria Disadvantaged Unincorporated Community Area #1 Boundary Map



**Social or Economic Communities of Interest in the Area**

There are no District relevant social or economic communities of interest in the proposed SOI area.

**Present and Planned Land Use**

The CCHD’s service area consists primarily of rural, unincorporated territory, and is generally located within the unincorporated North Coast Area Plan including Cambria, San Simeon, and surrounding rural areas. Although the CCHD and North Coast Area Plan boundaries do not exactly align, some areas on the eastern side of the CCHD boundary are within the North County Planning Area. Land uses within the unincorporated territory are governed by the County of San Luis Obispo General Plan land use designations and zoning.

## **Services & Capacity**

### **Authorized Services**

California Health & Safety Code Section 32121, identifies a range of services that a Healthcare District may provide. A complete listing of the powers afforded to Healthcare Districts is located in Health and Safety Code Sections 32121 – 32137. Some Healthcare Districts in California operate hospitals and community-based medical clinics; others focus on wellness and prevention programs. Authorized healthcare services granted to Healthcare Districts under current law include, but are not limited to:

- Operating healthcare facilities such as hospitals, clinics, skilled nursing facilities, adult day health centers, nurses' training schools, and child care facilities.
- Operating ambulance services within and outside of the district.
- Operating programs that provide chemical dependency services, health education, wellness and prevention, rehabilitation, and aftercare.
- Carrying out activities through corporations, joint ventures, or partnerships.
- Establishing or participating in managed care.
- Contracting with and making grants to provider groups and clinics in the community.
- Other activities that are necessary for the maintenance of good physical and mental health in communities served by the district.

Healthcare Districts have generally evolved to meet the changing healthcare market demands. Divestitures of local Healthcare District facilities and services have raised significant governance questions by public and private groups as to the necessity of retaining the public Healthcare District model supported by local property tax revenues in such a competitive, for-profit market environment. The MSR and Sphere of Influence Study provides discussions on present and long-term service demands and resource capabilities of the local agency. LAFCO reviews and evaluates 1) the resources and services that are currently available, and 2) the ability of the CCHD to expand such resources and services in line with increasing demands. An adequate ability to provide service should be documented to support areas in the sphere envisioned for eventual annexation and service by a jurisdiction. If warranted, different governance options may be reviewed for the local Healthcare District, including potential jurisdictional changes such as consolidation, reorganization, and dissolution. As was

previously mentioned, CCHD does not wish to make any SOI adjustments at this time; therefore, no areas are being studied for possible inclusion into the District.

CCHD provides emergency 911 ambulance transportation for the community of Cambria, San Simeon, and the surrounding area of the North Coast of San Luis Obispo County. CCHD also provides ambulance services outside of its boundaries as allowed under the CA Health and Safety Code Section 32121 (l). CCHD provides services north of the San Luis Obispo County line in the southern portions of the Monterey County coastal zone; which includes a coastal area extending up to the community of Pacific Valley. Service is provided in Monterey County through an American Medical Response (AMR) contract with the County of Monterey and the CCHD is a subcontractor. As stated in the AMR contract, services are provided in and around the "South Valley Zone". The boundaries of the South Valley Zone are defined as HWY 1 north from the San Luis Obispo and Monterey County line to Plaskett Ridge Road intersection, or further north on HWY 1 in cases of road closure due to landslides or other causes if available. The contract was initiated on January 30, 2010, and is reviewed and updated when a fee increase is initiated by the District; the last increase was approved on May 1, 2023. CCHD also participates in a county-wide move-up and cover system for San Luis Ambulance, which means that when other ambulance response zones are busy, CCHD ambulance crews may be called to help cover their area. San Luis Obispo Emergency Medical Services Agency (EMSA) move-up and cover system calls were reported at a total of 729 calls in 2023 and 747 calls in 2022, please note that these numbers are not included in Table 4.

The CCHD operates an Advanced Life Support (ALS) ambulance service and provides community health education. The District does not currently, nor has it at any time in the past, operated a hospital facility. In 2023, the District responded to 1,069 911 calls for service, for an average of 89 calls per month. The District is capable of providing emergency response on most incidents encountered within the CCHD. Additional apparatus, equipment, and staffing are available through Automatic or Mutual Aid agreements with SLO County EMSA (which in part includes County Fire/Cal Fire, San Luis Ambulance, and Cambria Community Services District Fire Department). This coverage allows an average 10-minute emergency response time by CCHD to any location within the District service area and ensures that the

needs of area residents are addressed most efficiently. Cambria Community Services District Fire Department and CCHD work collaboratively as parties to the EMSA Mutual Aid Agreement and as agencies whose service areas overlap with one another. Cambria Community Services District Fire Department’s EMSA response requirements differ from the healthcare district’s requirements, therefore resulting in a lower response time of 5-minutes. CCHD Board reviews monthly Operations Reports with a goal of providing response to 100% of calls. CCHD currently reports an average response of 93% to 100%. Table 4 below summarizes CCHD’s 911 calls within the last two years.

Table 4: Summary of Service Calls<sup>9</sup>

<b>Description</b>	<b>2022</b>	<b>2023</b>
Total number of responses	1161	1069
Number of emergency responses	1114	1043
Number of non-emergency responses	47	26
Total number of transports	673	609
Number of emergency transports	88	81
Number of non-emergency transports	585	533
Total of responses outside jurisdictional boundaries <sup>10</sup>	37	15

***Staffing & Personnel***

CCHD employs a highly trained team of Emergency Medical Technicians (EMT)/Paramedics and staff dedicated to providing the highest level of pre-hospital care. The District consists of 1 Administrator, 1 Office Manager, 6 Full-Time Paramedics, 6 Full-Time EMT’s, 8 Paramedics Reserve, and 7 EMT’s Reserve. CCHD recently implemented three new supervisor positions to provide 24-7 coverage and cross-training. The District indicated that existing staffing levels are adequate to provide service to its service area.

***Service Delivery & Performance***

<sup>9</sup> Five Year Emergency Medical Service Plan, May 2023 and CCHD Staff, Feb 2024

<sup>10</sup> Responses within Monterey County

The CCHD offers 24-hour emergency medical services, ambulance transport, and community health education. CCHD has a total of four ambulances. Two ambulance units are available 24/7, each staffed with one Paramedic and one EMT. The other two ambulance units are stationed as a backup unit, placed into service when a unit is out of service for repairs or used for additional EMS coverage. The District participates in a county-wide cover system, which means that when other ambulance response zones are busy, the District ambulance crew may be called to help cover the area within San Luis Obispo County. The District also maintains a contract to provide services in the south coastal zone of Monterey County.

### ***Capital Facilities & Equipment***

The CCHD facilities include two larger buildings and several small, relatively temporary outbuildings. The main building contains the CCHD administrative offices and crew quarters. The other larger building (the ambulance building) is no longer in use, has been red-tagged by the County, and is intended to be demolished. According to the CCHD Facility Condition Assessment that was done in January 2022, it was determined that the main facility is in very poor condition, primarily related to its age. Most building systems are either original or well beyond their normal useful life expectancy. The District identified the need to replace the current facility that houses their crews, administration staff, and fleet of ambulances. CCHD placed a Bond Measure G-22 on the November 2022 ballot which would have funded the replacement of the facility. The Measure did not receive the required 2/3 voter majority approval and as a result, the District is currently seeking other funding sources in order to move forward with temporary repairs or replacement of the current facility. A plan to rebuild the facility has been developed and the CCHD is seeking state and federal grant funding and bond financing to replace the aging facility. In March 2024 CCHD was awarded a one-million-dollar Community Project Funding Grant for a new ambulance station. Federal support was secured through the FY2024 appropriations process sponsored by Congressman Jimmy Panetta. Anticipated completion of the new facility is reliant upon a bond measure passing, which is scheduled to be placed on the November 2024 ballot. CCHD utilizes (1) 2019 Demers Ford Ambulance, (1) 2016 Chevrolet Ambulance, (1) 2005 Ford F350 Ambulance Type I, (1) 2023 Ford E350 Ambulance CCL 150 Type III, and associated medical

equipment and communications systems (radios). The District indicated that existing vehicles and medical /communications equipment are adequate.

### **Shared Services and Facilities**

There are opportunities for continued shared relationships between agencies for services within the CCHD boundary. At present, the distinction between the CCHD and neighboring agencies in the area is clear. Opportunities for coordination may include:

- Continued coordination between CCHD and San Luis Obispo County EMSA
- Continued coordination between CCHD and Cambria Community Service District Fire Dept
- Continued coordination between CCHD and Monterey County
- Continued coordination between CCHD and San Luis Ambulance

### **Finance**

LAFCO is required to make a determination regarding the financial ability of the CCHD to provide public services. This section provides a general overview of financial health and provides a context for the financial determinations. LAFCO uses three financial indicators to help evaluate the District's general health; those are an assessment of Revenues & Expenditures (Operating Ratio), Assets and Liabilities (Liquidity Ratio), and Net Position. The audited Financial Statement Reports from the District for the fiscal years (FY) 2018-2019 through FY 2022-2023 are the primary source of information for this section.

### **Budget and Financial Statements**

CCHD is a public, tax and fee supported special district. An annual budget is prepared prior to the beginning of each fiscal year, which includes estimates for the District's principal income sources to be received during the fiscal year, as well as estimated expenses and cash reserves needed for operations. The District maintains a financial reserve that equates to 5% of its general fund. The District posts its current budget on its website. CCHD staff conduct monthly financial statements that provide their board with frequent reporting on their financial performance; these documents are also available on the District's website.



## **Audited Financial Statements**

CCHD hires an outside accounting firm to perform an annual audit in accordance with established governmental accounting standards. This includes auditing CCHD's financial statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing CCHD's short and long-term fiscal health with a specific focus on delivering its active service functions. LAFCO used the five most recent audited financial statements to conduct its evaluation of the District's Financial Health; separated into four categories (Revenues and Expenditures, Agency Assets, Agency Liabilities, and Agency Net Position).

### ***Revenues and Expenditures***

One way to measure the District's financial health is by comparing its revenues against its expenses. CCHD revenues are primarily comprised of general and special tax, insurance and patient billings, federal grants, community grants, and receipts from a Charitable Trust that help fund budgeted expenditures. In December 2022, the District approved a 2023 Ambulance Service Rate Schedule Fee Increase to cover the District's reasonable cost for services. Annual increases to the Special Tax Assessment are based on each parcel. The County of San Luis Obispo determines the general tax rate increases using a CPI that averages 3% per year for the District's Assessment charges. CCHD expenses are primarily comprised of payroll, operational costs associated with the ambulance service activities, and also include management, administrative, and depreciation expenses. While revenue is sufficient to cover operation costs, the District must seek outside funding for facility repairs and fleet replacements.

CCHD's revenue during the latest audited FY 2022-2023 was \$2.359 million. CCHD is primarily funded through property tax/assessment and charges for services. CCHD's expense during the last audited FY 2022-2023 was \$2.173 million.

When analyzing the previous five-year audited period, it was found that expenses exceeded their revenues between FY 2018-2019 through FY 2020-2021. In 2018, a newly elected Board of Directors

began cost-saving efforts to reduce expenses by fully implementing a strategic deployment plan to maximize the potential for emergency response based on the highest probability for 911 requests for service, and at the same time, reduce unnecessary payroll expenses. Medical billing for ambulance transports was brought in-house, legal fees were reduced, and the 24-hour unit was reinstated resulting in additional billable transports increasing revenue and reducing overtime by full-time staff. During the fiscal year ending on June 30, 2021, the District continued to recognize their recorded operating expenses in excess of operating revenues, property tax, and special assessment revenues which resulted in a net deficit for the year, similar to the previous years. Throughout the 2021 year, the CCHD Board took corrective action to address prior year auditor findings, as a result operating expenses such as professional services and contract accounting services increased along with the reconciliation of bad debt expense for the fiscal year ending on June 30, 2021. In 2022, the District proceeded with a reorganization of the management structure for operations and as a result, promoted the Director of Operations to the Administrator position and hired a Director of Finance. The new hire of the Director of Finance has provided a full-time accounting professional in-house employee to regularly reconcile all accounts and decrease the need for outside contractor services which will continue to generate cost savings for the District. The 2018 strategic deployment plan effort to, in part, reduce payroll expenses was realized in 2022 and the District continues to experience positive cash flow. Consequently, in FY 2021-2022 and FY 2022-2023, the District's revenues exceeded expenditures, as depicted in Figure 4.

Figure 4: Actual Revenues vs. Actual Expenditures (FY 2018-19 to FY 2022-23)<sup>11</sup>

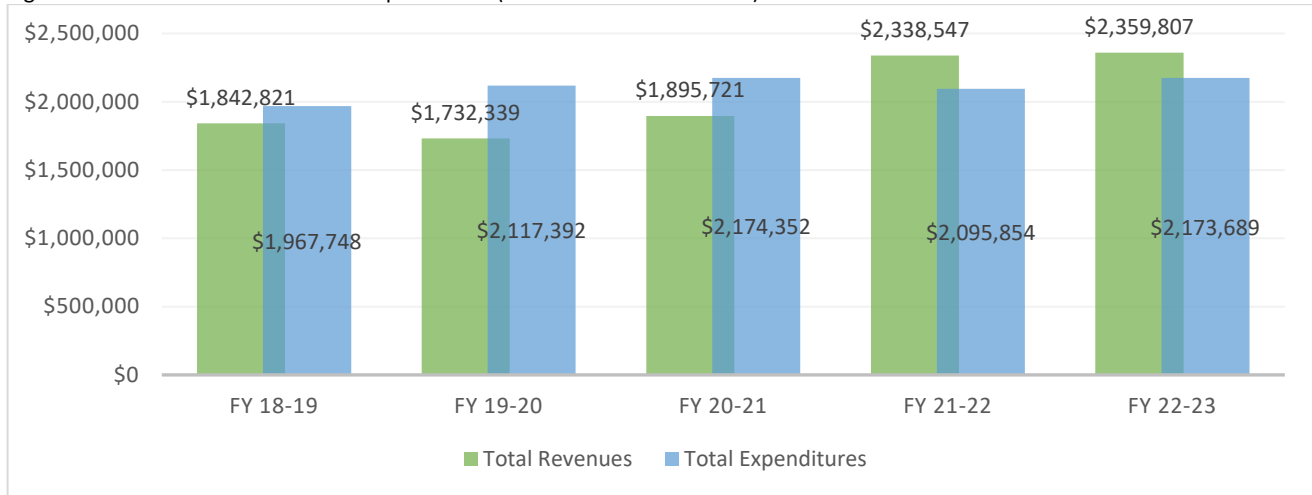
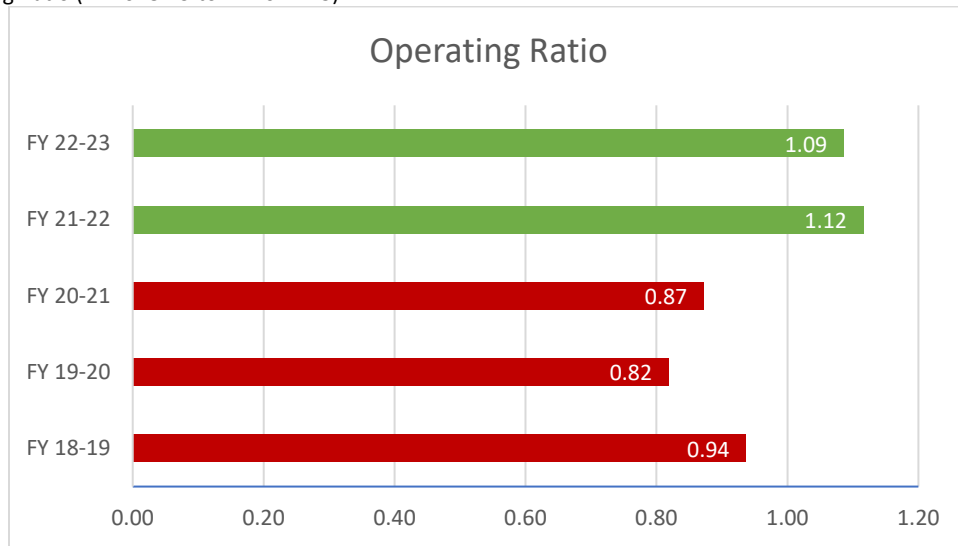


Figure 5 shows CCHD’s operating ratio which measures the ratio of annual operating revenues to annual operating expenses. A ratio of 1.0 means the agency is breaking even, a ratio of less than 1.0 indicates insufficient operating revenue to cover operating expenses, and a ratio greater than 1.0 means an agency can pay all its operating expenses and has revenue left over to spend on other items.

Figure 5: Operating Ratio (FY 2018-19 to FY 2022-23)



<sup>11</sup> CCHD Financial Statements between FY 2018-19 to FY 2022-23

***Agency Assets***

An agency's assets provide current, future, or potential economic benefit for the entity. An agency asset is therefore something that is owned by the agency or something that is owed to the agency. In this section agency assets will be reviewed in two separate categories as defined below:

- 1) Current Assets: cash and other assets that are expected to be converted to cash within a year.
- 2) Non-Current Assets: long-term investments that are not expected to become cash within an accounting year.

CCHD's audited assets at the end of FY 2022-2023 totaled \$1.133 million and are 26% higher than the average year-end amount of \$0.897 million documented during the previous five-year audited period. Assets classified as current, with the expectation they could be liquidated within a year, represented 60% of the total amount, or \$0.680 million, and are primarily tied to cash and investments. Assets classified as non-current make up the remainder of the total, \$0.452 million, and are primarily attributed to property, plant, and equipment capital. Overall, all assets for CCHD have increased by 45% over the corresponding 5-year audited period.

In addition to assets, the District's net position also considers deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items that qualify for reporting in this category; those are 1) Deferred Pensions and 2) Deferred Other Post-employment Benefits (OPEB). A total of \$1.685 million was reported in FY 2022-2023 as deferred outflows of resources and will be recognized as a reduction of the net pension liability in a future reporting period.

Table 5: Audited Assets and Deferred Outflow

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	5-yr % Change	5-yr Average
Current Assets	604,050	569,012	505,740	675,901	680,892	13%	607,119
Non-Current Assets	177,646	226,996	327,072	268,270	452,958	155%	290,588
<b>Total Assets</b>	<b>781,696</b>	<b>796,008</b>	<b>832,812</b>	<b>944,171</b>	<b>1,133,850</b>	<b>45%</b>	<b>897,707</b>
Deferred Pensions	357,871	287,194	258,042	477,064	956,493	167%	467,333
Deferred OPEB	57,264	82,547	348,893	933,240	729,247	1173%	430,238
<b>Total Deferred Outflow of Resources</b>	<b>415,135</b>	<b>369,741</b>	<b>606,935</b>	<b>1,410,304</b>	<b>1,685,740</b>	<b>306%</b>	<b>897,571</b>

**Agency Liabilities**

An agency’s liability is something the agency owes, usually a sum of money. Liabilities are settled over time through the transfer of economic benefits including money, goods, or services. In this section agency liabilities will be reviewed in two separate categories as defined below:

- 1) Current Liabilities: an agency's short-term financial obligations due to be paid within a year
- 2) Other Non-Current Liabilities: an agency’s long-term financial obligations that are due more than a year away

CCHD’s audited liabilities at the end of FY 2022-2023 totaled \$5.738 million and were 10% higher than the average year-end amount of \$5.207 million documented during the previous five-year audited period. Liabilities classified as current and representing obligations owed in the near term account for 2.9%, or \$0.165 million, of the total. Non-current liabilities represent the remaining total, or \$5.572 million, and are largely tied to payments on liabilities due after one year. Most of the non-current liabilities are composed of net pension liabilities, at \$2,094,778, and OPEB liabilities, at \$3,218,908, during FY 2022-2023. Relating to pension liabilities, as of June 30, 2023, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023. Relating to OPEB liabilities, the District currently finances benefits on a pay-as-you-go basis and does not have any assets in a trust. District Staff have indicated that they do not currently have an additional plan to pay down the OPEB liabilities and will continue to contribute required contributions and look

toward possibilities of instituting a Trust Fund in the future. CCHD also participates in loan agreements for ambulance acquisition and agreements to lease certain equipment that have led to increased liabilities. Overall, all liabilities have increased by 14% over the corresponding 5-year audited period.

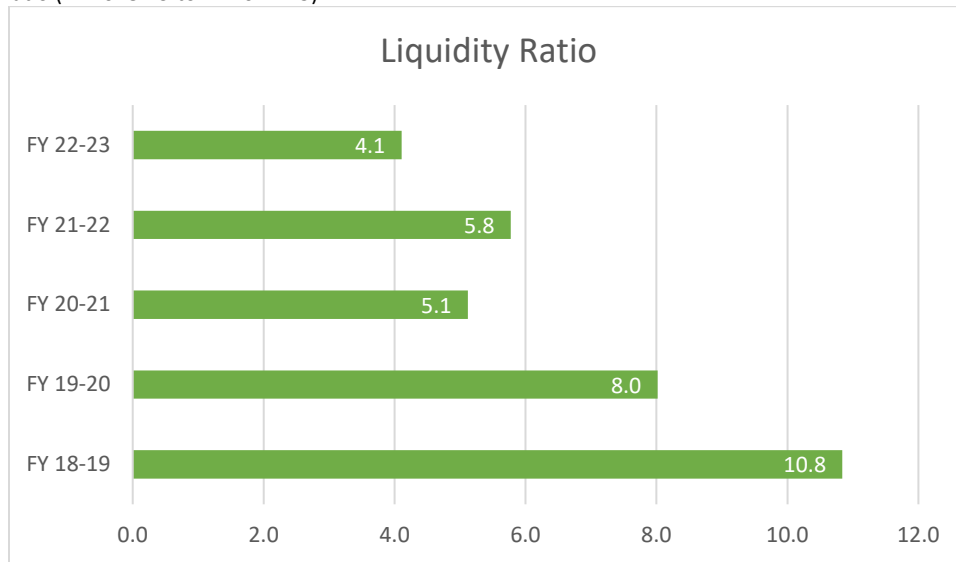
In addition to liabilities, the District’s net position also considers deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items that qualify for reporting in this category; those are 1) Deferred Pensions and 2) Deferred OPEB. A total of \$1.556 million was reported as deferred inflows of resources in FY 2022-2023 and will be recognized as an acquisition of the net position in a future reporting period.

Table 6: Audited Liabilities and Deferred Inflow

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	5-yr % Change	5-yr Average
Current liabilities	55,734	70,980	98,840	117,069	165,831	198%	101,691
Non-Current Liabilities	4,974,000	4,484,727	5,222,187	5,276,206	5,572,551	12%	5,105,934
<b>Total Liabilities</b>	<b>5,029,734</b>	<b>4,555,707</b>	<b>5,321,027</b>	<b>5,393,275</b>	<b>5,738,382</b>	<b>14%</b>	<b>5,207,625</b>
Deferred Pensions	139,979	239,935	262,876	938,596	244,726	75%	365,222
Deferred OPEB	269,034	997076	761444	683,799	1,311,559	388%	804,582
<b>Total Deferred Inflow of Resources</b>	<b>409,013</b>	<b>1,237,011</b>	<b>1,024,320</b>	<b>1,622,395</b>	<b>1,556,285</b>	<b>280%</b>	<b>1,169,805</b>

Figure 6 shows the District’s liquidity ratio which measures current assets against current/near-term obligations. The liquidity ratio is another way to measure the District’s financial health. A ratio of less than 1.0 indicates insufficient short-term resources to cover short-term liabilities and anything over 1.0 indicates good financial health (the higher the number, the greater the degree of liquidity).

Figure 6 Liquidity Ratio (FY 2018-19 to FY 2022-23)



### Agency Net Position

The agency's net position is the difference between an entity's (1) assets plus deferred outflows of resources and (2) liabilities plus deferred inflows of resources. Net position should be displayed in three categories which focus on the accessibility of the underlying assets:

- Net investment in capital assets: consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt
- Restricted Net Position: is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation
- Unrestricted Net Position: consists of net position that does not meet the definition of net investment in capital assets or restricted net position

CCHD operated with a net deficit over the last five-year audited period, ending with a deficit of \$4.475 million at the end of FY 2022-2023 which represents the difference between the District's total assets and total liabilities along with adjusting for deferred resources (i.e., pension & OPEB outflows and inflows). The most recent year-end deficit amount is 2% lower than the average year-end deficit of \$4.582 million documented during the previous 5-year audited period. The ending net investment in capital assets is 4% of the net position, or \$0.188 million, with the remainder categorized as unrestricted, at \$4.663 million. According to the FY 2022-2023 audit, it was determined the significant

expenses of the District are payroll and benefit-related expenses. The primary increase in expenses and resulting increase in the net deficit is the recognition of net pension liability and OPEB liability and recognition of their related expenses as required by the Governmental Accounting Standards Board. It should be noted that the District lacks capital assets, which typically helps an agency offset its liabilities (Including OPEB and Pension Liabilities). The District pays their annual contributions to Pension and OPEB liabilities. Overall, the net deficit for CCHD has increased by 10% through the corresponding 5-year audited period.

Table 7: Audited Net Position

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	5-yr % Change	5-yr Average
<b>Net Investment in Capital Assets</b>	79,518	77,411	132,476	139,679	188,226	137%	123,462
<b>Restricted</b>	0	0	0	0	0	-	-
<b>Unrestricted</b>	-4,321,434	-4,704,380	-5,038,076	-4,800,874	-4,663,303	8%	-4,705,613
<b>Total Net Position</b>	<b>-4,241,916</b>	<b>-4,626,969</b>	<b>-4,905,600</b>	<b>-4,661,195</b>	<b>-4,475,077</b>	<b>10%</b>	<b>-4,582,151</b>

## **Other Matters Related to Efficient Service Delivery**

### **Government Structure Options**

In 2014, the Commission adopted the last version of the CCHD SOI and MSR Study; this report included a discussion about a proposed shared service structure between the Cambria Community Services District (CCSD) and the CCHD. At the time, both Districts were considering a Joint Powers Agreement (JPA) or special legislation that would allow for shared services between the two agencies. The agencies anticipated and identified challenges they'd face in pursuing this effort; where the Health and Safety Law allows healthcare district personnel to provide Transportation and Paramedic service and not firefighting duties that are required of the CCSD. Additional issues that were identified in 2014, were the need to address unity of command, shared facilities, and long-term qualification of personnel duties for efficient services. Since 2014, no progress has been made in pursuing the effort of shared



facilities through a JPA between CCHD and CCSD. It is LAFCO's understanding that neither the CCHD nor the CCSD are interested in shared services or facilities at this time.

Other governmental structure options are available to Healthcare Districts, such as jurisdictional changes consisting of reorganizations that may involve consolidation or dissolution if warranted. Any proposed changes of organization or reorganization for a Healthcare District may be initiated by petition of local voters or landowners within the proposal area; a resolution of subject/affected agencies; or by LAFCO action. There are different initiation threshold requirements for the various proposal types; as well as corresponding protest provisions following LAFCO approval, with specified minimum protest thresholds to require subsequent voter approval or termination of the proposal with a sufficient majority protest. A key issue to be determined when considering any potential governmental structure option for Healthcare Districts involves the identification of a successor agency that is authorized, capable, and willing to sustain the provision and level of healthcare services provided by the dissolved Healthcare District. A proposed reorganization involving dissolution/annexation, or a consolidation/merger, would transfer the extinguished Healthcare District's assets and facilities to the successor agency, along with responsibilities for any Healthcare District bonded indebtedness. A plan for service is also required to be submitted to LAFCO by the annexing agency/successor agency with these types of jurisdictional changes. Neither LAFCO nor CCHD see the need to pursue a jurisdictional change. The current coterminous sphere of influence for CCHD should be reaffirmed.

## DETERMINATIONS

### Service Review Determinations per Government Code Section 56430

As set forth in Section 56430(a) of the CKH Act—In order to prepare and update the SOI 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 a service review the county, the region, the sub-region, 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**

- a. While there are no specific population growth forecasts for the CCHD boundaries due to data limitations, projections for the North Coast Planning Area boundary provide an approximation; this encompasses most of the CCHD service area. The estimated population served by the CCHD and within the North Coast Area Plan was 6,520 in 2020 and over 1 million annual visitors according to CCHD. With an estimated build-out population of 7,095 by 2050, the North Coast Area Plan region is currently approximately 92% built out.

**2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

- a. LAFCO staff have identified two DUCs within CCHD's SOI and service area boundary. The locations identified as DUCs display characteristics of a DUC pursuant to the CKH Act.
- b. The threshold for a DUC (80% of CA's MHI) is an MHI less than \$67,277. Once a Census Block Group (CBG) or a Census Designated Place (CDP), meets the DUC MHI threshold, LAFCO then verifies that those areas are inhabited as specified in government code section 56033.5. Two CBGs within the CCHD boundary met the threshold for a DUC. The first is San Simeon DUC Area #1 with an estimated MHI of \$50,486; the area was also determined to be inhabited with approximately 200 registered voters. The second is Cambria DUC Area #1 with an estimated MHI of \$51,875; the area was also determined to be inhabited with approximately 529 registered voters. Therefore LAFCO, identified

these two DUCs at the Census Block Group level, within the CCHD boundaries as seen in Figures 2 and 3 within the "[Population Profile](#)" Section of this report.

**3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

- a. CCHD is authorized to provide a range of services as described in the California Health & Safety Code Section 32121 - 32137. However, the District only provides Advanced Life Support ambulance (ALS) service and community health education services. In 2023, the District responded to 1,069 911 calls for service, for an average of 89 calls per month. The District is capable of providing emergency response on most incidents encountered within the CCHD. Additional apparatus, equipment, and staffing are available through Automatic or Mutual Aid agreements with SLO County Emergency Medical Services Authority (EMSA) which in part includes Cal Fire/County Fire, and the Cambria Community Services District Fire Department. This coverage allows for an average 10-minute emergency response time by CCHD to any location within the District's service area. CCHD Board reviews monthly Operations Reports with a goal of providing response to 100% of calls. CCHD currently reports an average response of 93% to 100%. CCHD indicated that existing staffing levels are adequate to provide service to its service area. According to the CCHD Facility Condition Assessment, it was determined that the main facility is in very poor condition, primarily related to its age. The District identified the need to replace the current facility that houses their crews, administration staff, and fleet of ambulances. A plan to rebuild the facility has been developed and the District is seeking state and federal grant funding and bond financing to replace the aging facility. In March 2024 the CCHD was awarded one-million-dollars in grant funding for the new facility. Anticipated completion is reliant upon a bond measure passing, which is scheduled to be placed on the November 2024 ballot. LAFCO determines that CCHD has capability and capacity to provide services where service is provided in the best manner possible within available funding.

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

- a. District revenues and expenditures are considered to assess the overall health of the District. The District's overall revenues and expenditures have fluctuated over the last five-year audited period. CCHD's expenses exceeded their revenues between FY 2018-2019 through FY 2020-2021 and in FY 2021-2022 and FY 2022-2023 revenues exceeded expenditures; ending with a revenue of \$2.359 million and expenditures of \$2.173 in FY 2022-2023. As a result, the District's operating ratio<sup>12</sup> was 1.09 in FY 2022-2023.
- b. LAFCO also considers District assets and liabilities to help determine the District's health. CCHD's assets have increased by 45% over the last 5-year audited period ending with \$1.133 million in FY 2022-2023. CCHD's liabilities have increased by 14% over the last 5-year audited period ending with \$5.738 million in FY 2022-2023. As a result, the CCHD's liquidity ratio<sup>13</sup> was 4.1 in FY 2022-2023.
- c. Increases or decreases in an agency's net position is another indicator of whether its financial health is improving or deteriorating. In the case of CCHD, assets and deferred outflows were exceeded by liabilities and deferred inflows over the last five-year audited period. As a result, the District has been operating with a net deficit. CCHD's net deficit has increased by 10% over the last 5-year audited period ending with a deficit of \$4.475 million in FY 2022-2023. According to the FY 2022-2023 audit, it was determined that the most significant expenses of the District are payroll and benefit-related expenses. The primary increase in expenses and the resulting increase in the net deficit is the recognition of net pension liability, at \$2.094 million, and recognition of OPEB liability, at \$3.218 million during FY 2022-2023. However, the District pays their annual contributions to Pension and OPEB liabilities to the State. District Staff have indicated that they will continue to contribute the required contributions and look toward possibilities of instituting a Trust Fund in the future to help lower the District's Liabilities.

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<sup>12</sup> The operating ratio measures the ratio of annual operating revenues to annual operating expenses. A ratio greater than 1.0 means an agency is able to pay all its operating expenses and has revenue left over to spend on other items. A ratio of less than 1.0 indicates insufficient operating revenue to cover operating expenses.

<sup>13</sup> The liquidity ratio indicates the necessary cash the agency has (current assets) to fund its current liabilities; the higher the number, the greater the degree of liquidity. A ratio of less than 1.0 indicates insufficient short-term resources to cover short-term liabilities.

- d. LAFCO determines that out of the three financial indicators used to determine the District's health, CCHD scored well on two of the three. CCHD's operating ratio and liquidity ratio exceeded the minimum of 1.0 for the latest FY 2022-2023. Regarding the District's net position, the CCHD operated with a net deficit over the last five-year audited period; primarily related to pension liability and OPEB liability. However, as noted, the District pays their annual contributions to Pension and OPEB liabilities to the State. The District is encouraged to continue its efforts towards pursuing a plan to offset the District's liabilities such as a Trust Fund.

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

- a. At present, the distinction between the CCHD and neighboring agency services in the area is clear.
- b. Additional apparatus, equipment, and staffing are available to CCHD through Automatic or Mutual Aid agreements with SLO County Emergency Medical Services Authority (EMSA) (which includes County Fire/Cal Fire, San Luis Ambulance, Cambria Community Services District Fire Department, and others).
- c. Opportunities and continued coordination for shared facilities may include:
  - i. Continued coordination between CCHD and San Luis Obispo County EMSA
  - ii. Continued coordination between CCHD and Cambria Community Service District Fire Department
  - iii. Continued coordination between CCHD and Monterey County
  - iv. Continued coordination between CCHD and San Luis Ambulance

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

- a. CCHD is governed by a five-member Board of Directors who are elected to four-year terms. Regularly scheduled monthly Board meetings are held on the fourth Tuesday of the month and all meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act.
- b. CCHD maintains an up-to-date website that contains District information, documents, and updates.

- c. CCHD has demonstrated accountability and transparency in its disclosure of information and cooperation during the process of this MSR. The District responded to the questionnaires and cooperated with document requests.
- d. LAFCO determines that CCHD is accountable and transparent.

**7. Any other matter related to effective or efficient service delivery**

- a. No changes are recommended at this time.

**Sphere of Influence Determinations per Government Code Section 56425**

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local agency, as defined by G.C. Section 56036, and enact policies designed to promote the logical and orderly development of areas within the sphere. 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 the following:

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

- a. The CCHD SOI is coterminous with the District’s service area boundary.
- b. The SOI is expected to remain unchanged, with no expansions or reductions.
- c. Land uses within CCHD's existing boundary consist of rural, unincorporated territory, and is generally located within the unincorporated North Coast Area Plan including Cambria, San Simeon, and surrounding rural areas. Some areas on the eastern side of the CCHD boundary are within the North County Planning Area.
- d. Land uses within the unincorporated territory are governed by the County of San Luis Obispo General Plan land use designations and zoning.

**2. Present and probable need for public facilities and services in the area.**

- a. The CCHD SOI is coterminous with the District’s service area boundary.
- b. The SOI is expected to remain unchanged, with no expansions or reductions.
- c. There is an existing need for service within the existing SOI boundary which is coterminous to the service area boundary.

- 3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
  - a. The CCHD SOI is coterminous with the District’s service area boundary.
  - b. The SOI is expected to remain unchanged, with no expansions or reductions.
  - c. CCHD has capability and capacity to adequately meet existing and future service demand within the existing SOI area which remains coterminous to the District’s service area boundary.
  
- 4. Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**
  - a. The CCHD SOI is coterminous with the District’s service area boundary.
  - b. The SOI is expected to remain unchanged, with no expansions or reductions.
  - c. There are no District relevant social or economic communities of interest in the existing SOI area.
  
- 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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.**
  - a. The CCHD SOI is coterminous with the District’s service area boundary.
  - b. The SOI is expected to remain unchanged, with no expansions or reductions.
  - c. LAFCO staff has identified two DUCs, within part of CCHD’s service area and SOI, as seen in Figures 2 and 3 within the “[Population Profile](#)” Section of this report. The locations identified as a DUC displays characteristics of a DUC pursuant to the CKH Act of 2000.
  - d. CCHD does not provide public facilities or services related to water, wastewater, or fire protection, therefore this SOI factor does not apply.

## APPENDIX

### Sources

#### General

1. Sphere of Influence Update and Municipal Service Review for Coastal Community Services Districts and Cambria Healthcare District (Avila Beach Community Services District, Cambria Community Services District, Los Osos Community Services District, San Simeon Community Services District, and Cambria Healthcare District), 2014
2. CCHD Response to LAFCO MSR-SOI Request for Information Questionnaire, December 2023
3. CCHD Website, [Cambria Community Healthcare District \(cambria-healthcare.org\)](https://www.cambria-healthcare.org)

#### Accountability

1. CCHD Response to LAFCO MSR-SOI Request for Information Questionnaire, December 2023
2. CCHD Website, [District Transparency - Cambria Community Healthcare District \(cambria-healthcare.org\)](https://www.cambria-healthcare.org/district-transparency)
3. CCHD District Bylaws, August 2022

#### Population Profile

1. CCHD Response to LAFCO Follow-Up Questionnaire, February 2024
2. SLO County North Coast Area Plan, 2007, Revised April 2022
3. San Luis Obispo Council of Governments 2050 Regional Growth Forecast
4. US Census, 2020 Cambria Census Designated Place Data
5. US Census, 2020 San Simeon Census Designated Place Data
6. U.S. Census Bureau, American Community Survey data from 2016-2020 in 2021 inflation/adjusted dollars

#### Services

1. California Health & Safety Code Section 32121
2. CCHD Ambulance Station/Administrative Offices Pre-Design Services, January 2022
3. CCHD Response to LAFCO MSR-SOI Request for Information Questionnaire, December 2023
4. CCHD Response to LAFCO Follow-Up Questionnaire, February 2024
5. CCHD Strategic Planning Presentation, July 2023



6. Five Year Emergency Medical Service Plan, May 2023

Finance

1. CCHD Approved Fiscal Year 23-24 Operating Budget
2. CCHD Approved Fiscal Year 22-23 Operating Budget
3. CCHD Audited Financial Statements June 30, 2023
4. CCHD Audited Financial Statements June 30, 2022
5. CCHD Audited Financial Statements June 30, 2021
6. CCHD Audited Financial Statements June 30, 2020
7. CCHD Audited Financial Statements June 30, 2019
8. CCHD Response to LAFCO MSR-SOI Request for Information Questionnaire, December 2023
9. CCHD Response to LAFCO Follow-Up Questionnaire, February 2024

**IN THE LOCAL AGENCY FORMATION COMMISSION  
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA**

Thursday, May 16, 2024

**RESOLUTION NO. 2024-04**

**RESOLUTION APPROVING THE CAMBRIA COMMUNITY HEALTHCARE DISTRICT MUNICIPAL  
SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY**

The following Resolution is now offered and read:

**RECITALS**

**WHEREAS**, the San Luis Obispo Local Agency Formation Commission, hereinafter referred to as the “Commission”, is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local government agencies whose jurisdictions are within San Luis Obispo County; and

**WHEREAS**, the Commission conducted a municipal service review to evaluate availability and performance of governmental services provided by Cambria Community Healthcare District, hereinafter referred to as the “District”, pursuant to California Government Code § 56430, hereby incorporated by reference as contained in LAFCO File No. 5-S-23 Cambria Community Healthcare District Municipal Service Review and Sphere of Influence Study included as Attachment B of the May 16, 2024, LAFCO Staff Report; and

**WHEREAS**, the Commission conducted a sphere of influence study for the District pursuant to California Government Code § 56425, hereby incorporated by reference as contained in LAFCO File No. 5-S-23 Cambria Community Healthcare District Municipal Service Review and Sphere of Influence Study included as Attachment B of the May 16, 2024, LAFCO Staff Report; and

**WHEREAS**, Government Code §56425(i) requires that 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 those districts; and

**WHEREAS**, Government Code § 56050.5 provides that once the Commission establishes the functions or services being provided by a district pursuant to Government Code § 56425(i), all services, facilities, functions, or powers authorized by the principal act under which the district is formed, but that are not being exercised, are deemed to be latent services or powers; and

**WHEREAS**, no change in regulation, land use, or development will occur as a result of

the adoption of a sphere of influence for the district; and

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

**WHEREAS**, the staff report and recommendations on the municipal service review and sphere of influence study were presented to the Commission in the form and manner prescribed by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at a public hearing held on the municipal service review and sphere of influence study on May 16, 2024; and

**WHEREAS**, the Commission considered all of the municipal service review and sphere of influence factors required under California Government Code § 56430 (a) and 56425 (e) and adopts as its written statements of determinations therein, the determinations set in the Public Review Draft of the municipal service review and sphere study titled “Municipal Service Review and Sphere of Influence Study for Cambria Community Healthcare District”, with said determinations being included in Exhibit B of this resolution; and

**WHEREAS**, the Notice of Exemption, prepared pursuant to § 15062 is adequate as the documentation to comply with the California Environmental Quality Act (CEQA) under the General Rule Exemption § 15061(b)(3) and Categorical Exemption § 15306, for the municipal service review and sphere of influence study for the District; and

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** by the Local Agency Formation Commission of the County of San Luis Obispo, State of California, as follows:

1. That the recitals set forth hereinabove are true, correct, and valid and are hereby incorporated by reference.
2. The municipal service review and sphere of influence study titled “Municipal Service Review and Sphere of Influence Study for Cambria Community Healthcare District”, includes the related statements of determination, and is determined to be exempt from CEQA pursuant to § 15061(b)(3) and § 15306 of the CEQA Guidelines.
3. That the Notice of Exemption prepared for this proposal is complete and adequate, having been prepared in accordance with the provisions of the CEQA and is hereby determined to be sufficient for the Commission’s actions and is incorporated by reference as Exhibit A of this resolution.
4. That the Executive Officer of this Commission is authorized and directed to mail copies of this resolution in the manner provided by law.
5. Pursuant to Government Code § 56430(a), the Commission makes the written statement of determinations for municipal service reviews, included in Exhibit B of this resolution.

6. Pursuant to Government Code § 56425(e), the Commission makes the written statement of determinations for the sphere of influence, included in Exhibit B of this resolution.
7. That the sphere of influence for the district be adopted pursuant to the map in Exhibit C of this resolution.
8. In adopting this sphere of influence for the district, pursuant to Government Code §56425(i), the Commission establishes that the District exercises a number of general powers when operating the healthcare district as allowed in Health and Safety Code § 32121 - § 32140; the primary function or service provided within its jurisdictional boundaries is Advanced Life Support ambulance services and health and wellness education.
9. Advanced Life Support ambulance services and health and wellness education are considered general terms used to identify the primary authorized powers being exercised by the district and that the powers are further described in Health and Safety Code § 32121.

Upon a motion of Commissioner Waage, seconded by Vice Chair Gregory and on the following roll call vote:

**AYES: COMMISSIONER ED WAAGE, VICE CHAIR STEVE GREGORY, COMMISSIONERS DEBBIE ARNOLD, ED EBY, JIMMY PAULDING, DAVID WATSON, AND CHAIRPERSON MARSHALL OCHYLSKI**


**NAYS: NONE**

**ABSENT: COMMISSIONERS ROBERT ENNS**

**ABSTAIN: NONE**

The foregoing resolution is hereby adopted.

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 05/24/2024  
Marshall Ochylski Date  
LAFCO Chairperson

**ATTEST:**

*Rob Fitzroy*

5/28/24

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Rob Fitzroy  
LAFCO Executive Officer

Date

**APPROVED AS TO FORM AND LEGAL EFFECT:**

*Brian A. Pierik*

5/20/2024

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Brian Pierik  
LAFCO Legal Counsel

Date

# Notice of Exemption

**To:** ✓ Office of Planning and Research  
PO Box 3044, 1400 Tenth Street, Room 222  
Sacramento, CA 95812-3044

✓ County Clerk  
County of San Luis Obispo  
County Government Center  
San Luis Obispo, CA 93408

**From:** San Luis Obispo LAFCO  
Rob Fitzroy, Executive Officer  
1042 Pacific St. Suite A  
San Luis Obispo, CA 93401  
(805) 781 – 5795  
rfitzroy@slo.lafco.ca.gov

**Project Title:** LAFCO File No. 5-S-23 | Cambria Community Healthcare District Municipal Service Review and Sphere of Influence Study

**Project Location:** Cambria Community Healthcare District (CCHD) is located in the northwestern portion San Luis Obispo County.

**Description of Nature, Purpose, & Beneficiaries of Project:** The Local Agency Formation Commission (LAFCO) has prepared a Sphere of Influence (SOI) Study and Municipal Service Review (MSR) for the Cambria Community Healthcare District pursuant to Government Code § 56425 and § 56430. The SOI is a 20-year growth boundary that includes areas that may be served by the District in the future. State law requires the MSR to be completed either prior to or concurrent with, the SOI study. The MSR evaluates the public services provided by the District and is used as the basis for any changes to the SOI. The Commission took action to reaffirm the district’s SOI to remain coterminous to the service area boundary as depicted in Attachment A, Exhibit C of the LAFCO May 16, 2024, staff report found on the LAFCO website at <https://slo.lafco.ca.gov/>. The Commission also established that the District exercises a number of general powers when operating the healthcare district as allowed in Health and Safety Code § 32121 - § 32140; the primary function or service provided is Advanced Life Support ambulance services and health and wellness education.

**Name of Public Agency Approving Project:** The San Luis Obispo County LAFCO conducted a noticed public hearing on May 16, 2024, at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center. Additional information is available on the LAFCO website at <https://slo.lafco.ca.gov/>.

**Exemption Status: (check one)**

<input type="checkbox"/> Ministerial (Sec. 21080(b)(1); 15268);	<input checked="" type="checkbox"/> Categorical Exemption: State type and section number
<input type="checkbox"/> Declared Emergency (Sec. 21080(b)(3); 15269(a));	<input type="checkbox"/> Statutory Exemptions: State code number
<input type="checkbox"/> Emergency Project (Sec. 21080(b)(4); 15269 (b)(c));	<input type="checkbox"/> Other: The activity is not a project subject to CEQA.

**Reasons Why Project is Exempt:** It has been determined with certainty that the MSR is categorically exempt under Class 6, Section 15306 and the MSR & SOI qualifies for a general rule exemption under Section 15061(b)(3). There is no possibility that this MSR and SOI update may have a significant effect on the environment because there are no land use changes associated with the documents; therefore, the CCHD MSR & SOI Study is found to be exempt from CEQA pursuant to section 15061(b)(3) and section 15306 of the State Guidelines. LAFCO will file this Notice of Exemption upon approval of the MSR and SOI Study.

\_\_\_\_\_  
Rob Fitzroy, Executive Officer

\_\_\_\_\_  
Date

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## **Service Review Determinations per Government Code Section 56430 for the Cambria Community Healthcare District**

### **1. Growth and population projections for the affected area**

- a. While there are no specific population growth forecasts for the CCHD boundaries due to data limitations, projections for the North Coast Planning Area boundary provide an approximation; this encompasses most of the CCHD service area. The estimated population served by the CCHD and within the North Coast Area Plan was 6,520 in 2020 and over 1 million annual visitors according to CCHD. With an estimated build-out population of 7,095 by 2050, the North Coast Area Plan region is currently approximately 92% built out.

### **2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

- a. LAFCO staff have identified two DUCs within CCHD's SOI and service area boundary. The locations identified as DUCs display characteristics of a DUC pursuant to the CKH Act.
- b. The threshold for a DUC (80% of CA's MHI) is an MHI less than \$67,277. Once a Census Block Group (CBG) or a Census Designated Place (CDP), meets the DUC MHI threshold, LAFCO then verifies that those areas are inhabited as specified in government code section 56033.5. Two CBGs within the CCHD boundary met the threshold for a DUC. The first is San Simeon DUC Area #1 with an estimated MHI of \$50,486; the area was also determined to be inhabited with approximately 200 registered voters. The second is Cambria DUC Area #1 with an estimated MHI of \$51,875; the area was also determined to be inhabited with approximately 529 registered voters. Therefore LAFCO, identified these two DUCs at the Census Block Group level, within the CCHD boundaries as seen in Figures 2 and 3 within the "Population Profile" Section of the Cambria Community Healthcare District Municipal Service Review and Sphere of Influence Study, LAFCO File No. 5-S-23.

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**3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

- a. CCHD is authorized to provide a range of services as described in the California Health & Safety Code Section 32121 - 32137. However, the District only provides Advanced Life Support ambulance (ALS) service and community health education services. In 2023, the District responded to 1,069 911 calls for service, for an average of 89 calls per month. The District is capable of providing emergency response on most incidents encountered within the CCHD. Additional apparatus, equipment, and staffing are available through Automatic or Mutual Aid agreements with SLO County Emergency Medical Services Authority (EMSA) which in part includes Cal Fire/County Fire, and the Cambria Community Services District Fire Department. This coverage allows for an average 10-minute emergency response time by CCHD to any location within the District's service area. CCHD Board reviews monthly Operations Reports with a goal of providing response to 100% of calls. CCHD currently reports an average response of 93% to 100%. CCHD indicated that existing staffing levels are adequate to provide service to its service area. According to the CCHD Facility Condition Assessment, it was determined that the main facility is in very poor condition, primarily related to its age. The District identified the need to replace the current facility that houses their crews, administration staff, and fleet of ambulances. A plan to rebuild the facility has been developed and the District is seeking state and federal grant funding and bond financing to replace the aging facility. In March 2024 the CCHD was awarded one-million-dollars in grant funding for the new facility. Anticipated completion is reliant upon a bond measure passing, which is scheduled to be placed on the November 2024 ballot. LAFCO determines that CCHD has capability and capacity to provide services where service is provided in the best manner possible within available funding.

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



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- a. District revenues and expenditures are considered to assess the overall health of the District. The District's overall revenues and expenditures have fluctuated over the last five-year audited period. CCHD's expenses exceeded their revenues between FY 2018-2019 through FY 2020-2021 and in FY 2021-2022 and FY 2022-2023 revenues exceeded expenditures; ending with a revenue of \$2.359 million and expenditures of \$2.173 in FY 2022-2023. As a result, the District's operating ratio was 1.09 in FY 2022-2023.
  - b. LAFCO also considers District assets and liabilities to help determine the District's health. CCHD's assets have increased by 45% over the last 5-year audited period ending with \$1.133 million in FY 2022-2023. CCHD's liabilities have increased by 14% over the last 5-year audited period ending with \$5.738 million in FY 2022-2023. As a result, the CCHD's liquidity ratio was 4.1 in FY 2022-2023.
  - c. Increases or decreases in an agency's net position is another indicator of whether its financial health is improving or deteriorating. In the case of CCHD, assets and deferred outflows were exceeded by liabilities and deferred inflows over the last five-year audited period. As a result, the District has been operating with a net deficit. CCHD's net deficit has increased by 10% over the last 5-year audited period ending with a deficit of \$4.475 million in FY 2022-2023. According to the FY 2022-2023 audit, it was determined that the most significant expenses of the District are payroll and benefit-related expenses. The primary increase in expenses and the resulting increase in the net deficit is the recognition of net pension liability, at \$2.094 million, and recognition of OPEB liability, at \$3.218 million during FY 2022-2023. However, the District pays their annual contributions to Pension and OPEB liabilities to the State. District Staff have indicated that they will continue to contribute the required contributions and look toward possibilities of instituting a Trust Fund in the future to help lower the District's Liabilities.
  - d. LAFCO determines that out of the three financial indicators used to determine the District's health, CCHD scored well on two of the three. CCHD's operating ratio and liquidity ratio exceeded the minimum of 1.0 for the latest FY 2022-2023.

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Regarding the District's net position, the CCHD operated with a net deficit over the last five-year audited period; primarily related to pension liability and OPEB liability. However, as noted, the District pays their annual contributions to Pension and OPEB liabilities to the State. The District is encouraged to continue its efforts towards pursuing a plan to offset the District's liabilities such as a Trust Fund.

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

- a. At present, the distinction between the CCHD and neighboring agency services in the area is clear.
- b. Additional apparatus, equipment, and staffing are available to CCHD through Automatic or Mutual Aid agreements with SLO County Emergency Medical Services Authority (EMSA) (which includes County Fire/Cal Fire, San Luis Ambulance, Cambria Community Services District Fire Department, and others).
- c. Opportunities for shared facilities may include:
  - i. Continued coordination between CCHD and San Luis Obispo County EMSA
  - ii. Continued coordination between CCHD and Cambria Community Service District Fire Department
  - iii. Continued coordination between CCHD and Monterey County
  - iv. Continued coordination between CCHD and San Luis Ambulance

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

- a. CCHD is governed by a five-member Board of Directors who are elected to four-year terms. Regularly scheduled monthly Board meetings are held on the fourth Tuesday of the month and all meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act.
- b. CCHD maintains an up-to-date website that contains District information, documents, and updates.

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- c. CCHD has demonstrated accountability and transparency in its disclosure of information and cooperation during the process of this MSR. The District responded to the questionnaires and cooperated with document requests.
  - d. LAFCO determines that CCHD is accountable and transparent.
- 7. Any other matter related to effective or efficient service delivery**
- a. No changes are recommended at this time.

**Sphere of Influence Determinations per Government Code Section 56425 for the Cambria Community Healthcare District**

- 1. Present and planned land uses in the area, including agricultural and open-space lands.**
  - a. The CCHD SOI is coterminous with the District’s service area boundary.
  - b. The SOI is expected to remain unchanged, with no expansions or reductions.
  - c. Land uses within CCHD's existing boundary consist of rural, unincorporated territory, and is generally located within the unincorporated North Coast Area Plan including Cambria, San Simeon, and surrounding rural areas. Some areas on the eastern side of the CCHD boundary are within the North County Planning Area.
  - d. Land uses within the unincorporated territory are governed by the County of San Luis Obispo General Plan land use designations and zoning.
- 2. Present and probable need for public facilities and services in the area.**
  - a. The CCHD SOI is coterminous with the District’s service area boundary.
  - b. The SOI is expected to remain unchanged, with no expansions or reductions.
  - c. There is an existing need for service within the existing SOI boundary which is coterminous to the service area boundary.
- 3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
  - a. The CCHD SOI is coterminous with the District’s service area boundary.
  - b. The SOI is expected to remain unchanged, with no expansions or reductions.

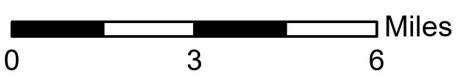
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- c. CCHD has capability and capacity to adequately meet existing and future service demand within the existing SOI area which remains coterminous to the District's service area boundary.
  - 4. Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**
    - a. The CCHD SOI is coterminous with the District's service area boundary.
    - b. The SOI is expected to remain unchanged, with no expansions or reductions.
    - c. There are no District relevant social or economic communities of interest in the existing SOI area.
  - 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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.**
    - a. The CCHD SOI is coterminous with the District's service area boundary.
    - b. The SOI is expected to remain unchanged, with no expansions or reductions.
    - c. LAFCO staff has identified two DUCs, within part of CCHD's service area and SOI, as seen in Figures 2 and 3 within the "Population Profile" Section of the Cambria Community Healthcare District Municipal Service Review and Sphere of Influence Study, LAFCO File No. 5-S-23.
    - d. . The locations identified as a DUC displays characteristics of a DUC pursuant to the CKH Act of 2000.
    - e. CCHD does not provide public facilities or services related to water, wastewater, or fire protection, therefore this SOI factor does not apply.



# Cambria Community Healthcare District

- LAFCO Boundaries**
- Sphere of Influence (Same as Service Area)
  - Service Area

**Latest SOI Approval: May 2024**



Prepared By SLOLAFCO  
 Name: Cambria Healthcare District  
 Date: 5/28/2024