



AGENDA ITEM 6.A.

MEETING: June 21, 2022
TO: Trinity LAFCo Commissioners
FROM: Colette Santsche, Executive Officer & Kathy Bull, Administrator/Clerk
SUBJECT: Proposed Mountain Communities Healthcare District Ambulance Services By Contract Outside District Boundaries

BACKGROUND

Section 56133 of the California Government Code requires special districts to request and receive written approval from LAFCo before entering into agreements to provide new or extended services outside their jurisdictional boundaries. The Commission may authorize a district to provide new or extended services outside its jurisdictional boundaries and outside its sphere of influence “to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory”.

DISCUSSION

Trinity LAFCo has received an application filed by the Mountain Communities Healthcare District (MCHD) to provide administrative, professional, and technical staffing support (“Managing Support”) to sustain ambulance services by agreement with the Trinity Life Support Community Services District (TLSCSD) within the boundary of the TLSCSD. An agreement between MCHD and TLSCSD is included as Attachment A. A figure showing the jurisdictional boundaries of MCHD and TLSCSD is included as Attachment B.

The principal reasons for the proposal are to: 1) maintain ongoing ambulance services to the entire TLSCSD service area; and 2) allow MCHD to participate in administration and management of ambulance services currently administered and managed by TLSCSD. Due to financial viability of TLSCSD, MCHD would hire TLS employees and manage the ambulance service in the TLSCSD service area. TLSCSD would retain all real property, equipment assets, taxes, and billing prior to the agreed upon date. This partnership will continue to provide services to the entire TLSCSD area. While the two District boundaries are very similar, they are not identical. This will not negatively impact past or current coverage areas.

TLSCSD is critically struggling to be financially viable to the point that making payroll is in question, thus jeopardizing ambulance services in Trinity County. TLSCSD was formed in 2021. Proceedings for the formation were initiated by Trinity County Life Support by resolution of the Trinity County Board of Supervisors. A similar proposal was previously approved by LAFCo in 2019. This initial proposal was conditionally approved on receiving voter approval of a special tax at a rate of \$83 per year for each improved parcel and \$48 per year for each unimproved parcel within the district, generating approximately \$677,000 per year. At the March 3, 2020

general election, voters approved Measure D, Creation of EMS Service District, but rejected Measure E, Parcel Tax for EMS Service District. Due to the lack of voter support for the tax measure, the district formation was terminated. Following termination, an amended proposal was submitted to LAFCo that proposed a reduced special tax at a flat rate of \$45 per year for each parcel developed with residential or commercial uses. Parcels that are undeveloped or have minor improvements would not be charged. This would generate approximately \$258,000 per year, which is 62% less than the original request. It was hoped that the reduced amount would stop deficit spending at current service level, allowing the ambulance service to continue with existing staff and shift structure, while seeking alternative funding for improvements.

After numerous discussions between MCHD administration and TLSCSD management and Board of Directors, it has been determined that a partnership offers the best opportunity for success. The managing support agreement allows for TLSCSD to maintain all their real property, assets including ambulances, collectible taxes, and all past accounts receivable. MCHD will hire all TLSCSD employees that apply and pass the pre-employment requirements. At this time, all 17 current employees of TLSCSD have applied to work for MCHD. MCHD will create an Ambulance Services department that is managed by current management at TLSCSD. All staff is going to receive significant wage increases including some increases as much as \$6-\$8 more per hour. We believe that this will help with recruitment and retention moving forward. Furthermore, MCHD will use its current HR department, billing department, finance department, administration, and other resources that is already in place to provide better economies of scale.

MCHD's federal designation as a Critical Access Hospital could leverage increased financial opportunities. MCHD has the ability as a Critical Access Hospital to use cost-based accounting and include ambulance services on its cost report. This federal designation allows for better reimbursement depending on expenses versus revenues. MCHD also has the ability to better negotiate insurance rates. Finally, MCHD currently has approximately one year cash on hand to help safeguard against any unforeseen problems and provide financial stability throughout the transition. It is also the intention of TLSCSD and MCHD to provide better employee and ambulance facilities, more up to date ambulances, more EMT and paramedic staff, and better services overall. The information provided by the two districts indicates that through this agreement ambulance services can be sustained and improved and that hospital services will not be affected.

A condition of approval is recommended that would require MCHD to apply to LAFCo within one year to activate its latent power to provide ambulance services¹. Furthermore, it is recommended that as part of this application that consolidation with TLSCSD be pursued, resulting in the transfer of all remaining assets to the MCHD as successor. Consolidation would require MCHD annex the remaining TLSCSD territory so that the existing TLSCSD Special Tax can be transferred to and continue to be collected by MCHD.

¹ MCHD was formed in 2006 to provide all powers listed in Section 32121 of the California Health and Safety Code, except the power to acquire, maintain, and operate ambulances or ambulance services. The formation documents further note that if this power is desired at a later date, then the District may request that the Commission add it as an authorized power.

The consolidation of these two districts would likely result in service efficiencies. As described above, MCHD indicates that its existing human resources, billing, and finance departments, and management staff provide functionally similar services and have expertise and capacity to carry out the same services for ambulance activities. There are similarities between the skills and training for pre-hospital care emergency medical technicians and paramedics and some emergency department and other hospital staffing. There are likely many opportunities an economy of scale relating to shared ongoing training and there may be other opportunities for cross-staffing when needed; the maintenance, certification, and possible sharing of equipment; and the purchase and management of medical supplies. As a result, a consolidation between these two districts which have similar boundaries and purposes would likely result in service efficiencies and benefits.

RECOMMENDATION

Staff recommends the Commission approve the provision of ambulance services by contract outside Mountain Community Healthcare District's boundaries referenced in Resolution 2022-07 and as outlined in Attachment B, with any requested changes. It is recommended that the approval include the following condition:

- Mountain Communities Healthcare District (MCHD) shall apply to LAFCo within one year for activation of latent powers to provide ambulance services in accordance with California Government Code Section 56824.10 et seq. As part of this application, the following changes of organization/reorganization are recommended to be submitted with a Plan for Services and Municipal Service Review:
 - Sphere of Influence Amendment and Annexation of areas served outside agency boundaries; and
 - Consolidation of remaining services provided by Trinity Life Support Community Services District (TLSCSD), including the transfer of remaining assets of TLSCSD and the transfer of the current special tax for ambulance services to MCHD.

Attachments:

- A. Agreement between MCHD and TLSCSD
- B. Figure of MCHD and TLSCSD boundaries
- C. Resolution 2022-07

AGREEMENT FOR MANAGING AGENCY SERVICES

This Agreement for Managing Agency Services (“**Agreement**”) is entered by and between the Trinity Life Support Community Service District, a general law district organized under the laws of California (“**TLSCSD**”) and the Mountain Communities Healthcare District (“**MCHD**”) a California Local Health Care District, effective as of July 1, 2022 (“**Effective Date**”). TLSCSD and MCHD are collectively referred to herein as the “**Member Agencies**”.

RECITALS

WHEREAS, TLSCSD provides ambulance services to a portion of Trinity County, State of California (“**Services**”); and

WHEREAS, TLSCSD’s current revenues are insufficient relative to its operating costs; specifically staffing and payroll; and

WHEREAS, TLSCSD’s Board of Directors (“**TLSCSD Board**”) are concerned TLSCSD may be unable to continue providing the Services; and

WHEREAS, it is in the best interests of the voters within the respective boundaries of the Member Agencies that the Services be provided; and

WHEREAS, MCHD has the current capacity to manage or assume some of TLSCSD’s operations to allow continuity of the Services; and

WHEREAS, it is in the best interests of the Member Agencies for MCHD to manage or assume some of TLSCSD’s operations; and

WHEREAS, to allow continuity of the Services, TLSCSD has elected to contract with MCHD to provide administrative, professional, and technical staffing support (“**Managing Support**”) to TLSCSD and to otherwise authorize MCMD to act.

NOW THEREFORE, TLSCSD and MCHD agree as follows:

SECTION 1: OBLIGATIONS

1.1 TLSCSD:

- 1.1.1 Provide service levels to ensure effective ambulance coverage within the boundaries of TLSCSD as outlined in district formation application to LAFCO and approved by voters in November 2020 (e.g., minimum two 24/7 staffed ambulances; one in Hayfork, one in Weaverville, with the goal of two, but at least one providing advanced life support (ALS) staffing).

- 1.1.2 Provide jail and juvenile hall emergency medical transports at no or reduced cost, as contracted with the County of Trinity.
- 1.1.3 Maintain current contract in good standing with the Local Emergency Medical Services Agency for the operation of basic and advanced life support ambulances within the County of Trinity.
- 1.1.4 Cooperatively with MCHD manage all agreements entered into by TLSCSD.
- 1.1.5 Prepare, maintain and compile TLSCSD financial records.
- 1.1.6 Provide and maintain all necessary equipment to provide ambulance service, including but not limited to ambulances, existing medical equipment, radios, and ambulance stations (collectively, “**Assets**”).
- 1.1.7 Provide and maintain property and vehicle insurance as required by law and in accordance with MCHD requirements and reasonable discretion.

1.2 MCHD:

- 1.2.1 MCHD, will be responsible for the hiring and maintenance of all ambulance staff, as a department of the hospital, with all payroll and related employee expense, and medical equipment and supplies necessary for the provision of Services.
- 1.2.2 Manage ambulance service billing and receipts
- 1.2.3 Manage ground and air alliance membership program
- 1.2.4 Subject to the terms and conditions of this Agreement, MCHD will provide the Managing Support to TLSCSD for the oversight of the Services.
- 1.2.5 MCHD, in its sole discretion, will determine the timing, amount, and scope of Managing Support necessary or convenient (or both) for the oversight of the Services; the specific elements of Managing Support may include, but are not limited to, the following, none of which MCHD is obligated herein to provide:
 - a. Negotiate and recommend the award of all necessary agreements for TLSCSD and the Services, subject to approval by the TLSCSD Board;
 - b. Cooperatively with TLSCSD manage all agreements entered into by TLSCSD;
 - c. Coordinate and implement TLSCSD projects and programs related to the Services;

- d. Provide for the maintenance and management of such personal property as may be owned or controlled by the TLSCSD unless the administration of that property is more appropriately managed in another manner;
- e. Manage and oversee all purchasing and billing activities of TLSCSD;
- f. Manage and oversee all operational aspects of the Services, including, without limitation, scheduling, computer systems, equipment acquisition and surrender, equipment maintenance and update, dispatch, accounts payable, and accounts receivable;
- g. Report to the TLSCSD Board regarding operational, financial, and other aspects of the Services;
- h. Negotiate or facilitate, or both, coordination and interaction with other entities involved in or related to the Services;
- i. Pursue additional revenue sources for the Services on behalf of and for TLSCSD, subject to TLSCSD Board direction and approval;
- j. Respond to other related administrative and operational activities as directed by the TLSCSD Board or as determined appropriate by the MCHD Board in its good faith discretion.

1.2.6 Notwithstanding anything in this Agreement to the contrary, MCHD may in its name or otherwise and in collaboration with TLSCSD provide all or a portion of the Services, or other medical transport services similar to the Services, using the Assets or MCHD's own real property or personal property, or both, without liability to TLSCSD.

SECTION 2.0: EXCLUSIONS

- 2.1 Notwithstanding anything in this Agreement to the contrary, MCHD will have no obligation to perform or provide any of the following:
 - a. Recover or manage any TLSCSD account receivable existing as of the date of this Agreement.
 - b. Obtain or maintain director and officer insurance, or liability insurance, for the TLSCSD Board or any of its members.
 - c. Take title to any of the Assets.
 - d. Obtain or maintain insurance of any type relative to or concerning the Assets.
- 2.2 MCHD will not serve as the custodian of any money of TLSCSD, and will not serve as the Controller or Treasurer of TLSCSD. MCHD will have none of the

powers, duties, or obligations specified in California Government Code 6505.5 relative to the monies of TLSCSD.

SECTION 3.0: TERM

- 3.1 The term of this Agreement will commence on the Effective Date, and will terminate on the date that is five (5) years after the Effective Date (“**Anniversary Date**”) if either TLSCSD or MCHD provides written notice to the other terminating this Agreement within 90 days of the Anniversary Date; if neither TLSCSD or MCHD provide written notice to the other electing to terminate this Agreement on the Anniversary Date, then this Agreement will continue on a month-to-month basis until terminated as provided below.
- 3.2 Either TLSCSD or MCHD may terminate this Agreement after the Anniversary Date for any or no reason by giving the other party at least 30 days’ prior written notice.
- 3.3 Notwithstanding anything in this Agreement to the contrary, MCHD may terminate this Agreement for any or no reason effective immediately upon delivery of written notice to the then-President of the TLSCSD Board, or if none, to any member of the TLSCSD Board, or if the TLSCSD Board then has no members, to the Executive Director of the Trinity County Local Agency Formation Commission (LAFCO).

SECTION 4: COMPENSATION; VEHICLE PURCHASES

- 4.1 MCHD will have the right to charge, collect and retain all fee income and other compensation generated by or relating to all Services provided on and after the date of this Agreement; except, however, MCHD will have no right collect, manage, or retain any tax or assessment revenue of TLSCSD. The provisions of this Section 4.1 will survive the termination of this Agreement.
- 4.2 For the next three fiscal years during the term of this Agreement (i.e., FY 2022-23, 2023-24 and 2024-25), TLSCSD will purchase one (1) new ambulance per year conforming to the reasonable specifications determined by MCHD.

SECTION 5: EMPLOYEES

Notwithstanding anything herein to the contrary, as of the Effective Date and continuing thereafter, MCHD may offer employment to any past, present, or future TLSCSD employee, without liability to TLSCSD, including, without limitation, any claims of TLSCSD alleging interference by MCHD with TLSCSD’s business practices.

SECTION 6: WAIVER

TLSCSD hereby waives: (i) any right of TLSCSD to enforce any prohibition or restriction as to the extent of MCHD’s powers to enter into this Agreement or provide the Managing Support or provide

or assist in the provision of the Services, and (ii) all damages of TLSCSD relating to any alleged ultra vires act of MCHD pertaining to this Agreement.

SECTION 7: NOTICE

Addresses of the parties to the Agreement for the purpose of formal communications related to the Agreement are as follows:

MCHD:

Mountain Communities Healthcare District
60 Easter Avenue
Weaverville, CA 96093
Attn: Chief Executive Officer

TLSCSD:

Trinity Life Support Community Service District
610 Washington Street
PO Box 2907
Weaverville, CA 96093

SECTION 8: SUCCESSOR STATUTES

All statutes cited herein will be deemed to include amendments and/or successor statutes to the cited statutes as they presently exist.

SECTION 9: AGREEMENT COMPLETE

This Agreement constitutes the full and complete Agreement of the parties, superseding and incorporating all prior oral and written agreements relating to the subject matter of this Agreement.

SECTION 10: COUNTERPARTS

This Agreement may be executed in counterparts, each of which will constitute an original and all of which together will constitute one and the same agreement.


SECTION 11: SEVERABILITY

If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement, were to any extent, adjudged invalid, unenforceable, void, or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants,

and conditions of this Agreement will not be affected and will be valid and enforceable to the fullest extent permitted by law.


“MCHD”:

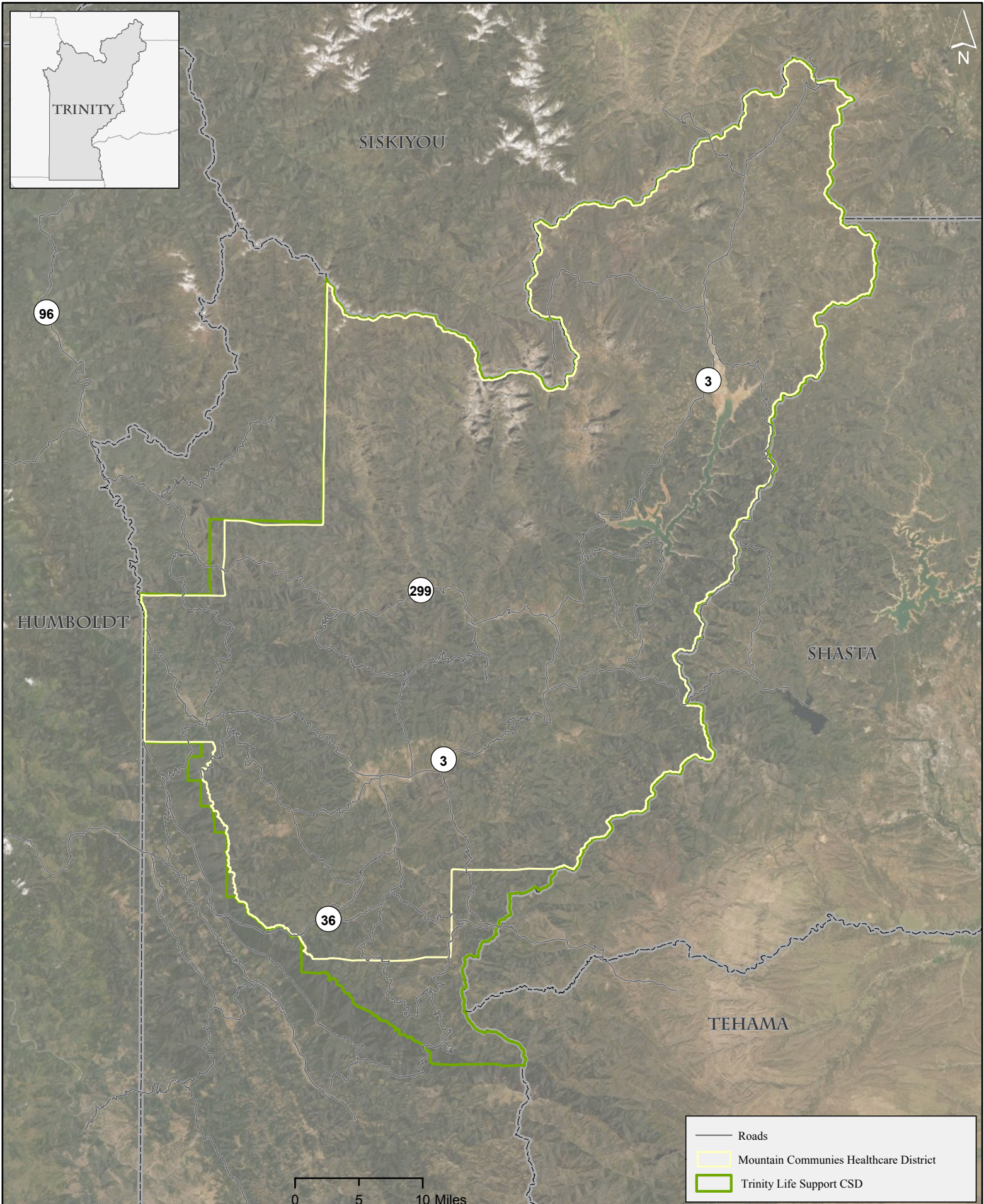
MOUNTAIN COMMUNITIES HEALTH CARE DISTRICT,
a California medical services district

By: 
Name: Armon ROGERS
Title: CEO

“TLSCSD”:

TRINITY LIFE SUPPORT COMMUNITY SERVICE DISTRICT
a general law district organized under the laws of California

By: 
Name: Scott Alvord
Title: President TLS Board



Trinity LAFCo MCHD and TLSCSD Boundaries

Attachment
B

Date: 6/9/2022

**RESOLUTION NO. 2022-07**

**AUTHORIZING THE MOUNTAIN COMMUNITIES HEALTHCARE
DISTRICT TO PROVIDE ADMINISTRATIVE, PROFESSIONAL, AND
TECHNICAL STAFFING SUPPORT (“MANAGING SUPPORT”) TO
SUSTAIN AMBULANCE SERVICES BY AGREEMENT WITH THE
TRINITY LIFE SUPPORT COMMUNITY SERVICES DISTRICT
(TLSCSD) WITHIN THE BOUNDARY OF THE TLSCSD**

WHEREAS, the Trinity Local Agency Formation Commission, hereinafter referred to as the “Commission”, is responsible for authorizing special districts to provide new or extended services by contract or agreement outside its jurisdictional boundaries and outside its sphere of influence “to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory” pursuant to California Government Code Section 56133; and

WHEREAS, the Commission received an application from the Mountain Communities Healthcare District (MCHD) requestion authorizations to provide administrative, professional, and technical staffing support (“Managing Support”) to sustain ambulance services by agreement with the Trinity Life Support Community Services District (TLSCSD) within the boundary of the TLSCSD; and

WHEREAS, the Executive Officer’s report and recommendations 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 meeting held on June 21, 2022.

NOW THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED as follows:

1. The Commission, as Lead Agency, finds the proposal is exempt from further review under the California Environmental Quality Act pursuant to Title 14 California Code of Regulations Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment given it does not involve development or a change in the manner for which an existing service is provided.
2. The Commission has considered the factors determined to be relevant to this proposal, including, but not limited to, the sphere of influence, available management and services capacity, and other factors specified in Government Code Section 56133, and as described in the staff report.
3. The Commission hereby authorizes the MCHD to provide Managing Support to sustain ambulance services by agreement with the TLSCSD within the boundary of the TLSCSD subject to the following condition:

- Mountain Communities Healthcare District (MCHD) shall apply to LAFCo within one year for activation of latent powers to provide ambulance services in accordance with California Government Code Section 56824.10 et seq. As part of this application, the following changes of organization/reorganization are recommended to be submitted with a Plan for Services and Municipal Service Review:
 - Sphere of Influence Amendment and Annexation of areas served outside agency boundaries; and
 - Consolidation of remaining services provided by Trinity Life Support Community Services District (TLSCSD), including the transfer of remaining assets of TLSCSD and the transfer of the current special tax for ambulance services to MCHD.

PASSED AND ADOPTED at a public hearing of the Trinity Local Agency Formation Commission on the 21st day of June 2022, by the following roll call vote:

AYES:
NOES:
ABSTAINS:
ABSENT:

ATTEST:

APPROVED:

Kathy Bull
Administrator/Clerk

Keith Groves
Chair