



AGENDA ITEM 6A

MEETING: November 15, 2023
TO: Humboldt LAFCo Commissioners
FROM: Colette Santsche, Executive Officer
SUBJECT: **Proposed Out of Agency Service by the Southern Humboldt Community Healthcare District (SHCHD)**

The Commission will consider a request submitted by the Southern Humboldt Community Healthcare District to provide optometry services outside the District's jurisdictional boundary and sphere of influence to APN 040-184-002 (600 9th Street Professional Building in Fortuna), which is the existing site of Fortuna Optometry (630 9th Street), in accordance with Government Code Section 56133. This is a component of a new service offering by the District that will include optometry practices in Fortuna and Garberville, as well as a mobile eye care unit to provide access to health care for those living in more rural areas. The action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)3.

Section 56133 of the California Government Code requires cities and 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 but within its sphere of influence "in anticipation of a later change of organization", or outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory. Considering the optometry practice in Fortuna is located outside the SHCHD boundary and sphere, a health and safety finding is required. No new development or change in use is proposed at the site.

A. BACKGROUND

LAFCo has received an application filed by the Southern Humboldt Community Healthcare District (SHCHD) to provide optometry services outside the District's jurisdictional boundary and sphere of influence to APN 040-184-002 (600 9th Street Professional Building¹ in Fortuna), which is the existing site of Fortuna Optometry (630 9th Street). This is a component of a new service offering by the District that will include optometry practices in Fortuna and Garberville, as well as a mobile eye care unit to provide access to health care for those living in more rural areas.

¹ Currently the building has two tenants, Whitchurch Engineering (610 9th Street) and Fortuna Optometry (630 9th Street).

The reasons for the proposal include the following:

- SHCHD seeks to establish optometry services for its entire district, which is mostly rural and serves communities along either side of over 40 miles of US 101 in Humboldt County.
- Fortuna Optometry is a fully equipped optometry practice that is owned and operated by an optometrist interesting in partnering with SHCHD to provide optometry services throughout the District.
- It would likely be substantially more expensive to renovate existing space or construct a new building in the northern portion of the District, plus the cost of acquiring equipment, to provide this service and the opportunity to partner with the Fortuna Optometry and the potential economies of scale available through this partnership may not be present.
- Local Health Care District Law encourages Districts to carry out activities through corporations, joint ventures, or partnerships.
- Health Care District law also allows Districts to "establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district." H&S Code 32121 (j)

The District is in the process of securing a loan in the amount of \$750,000 for the addition of optometry assets, including a mobile unit purchase and associated equipment, the purchase of medical equipment from Dr. Alan French, OD (Fortuna Optometry), and securing a retention agreement for Alan French for a period of two years to help train and startup the Garberville practice and transition the Fortuna practice.

As mentioned above, the Healthcare District will also be opening another optometry practice at the corner of Redwood Drive and Maple Lane in Garberville once building renovations are complete in 2024.

The comprehensive mobile eye care unit would operate as an extension of the existing Southern Humboldt Community Clinic, a certified rural health clinic in Garberville. The mobile eye care unit would be 38 feet in length, house two eye exam lanes and an exam room, and meet ADA requirements. With two lanes, there can be up to 4 patients served per hour, possibly 20 per day, if scheduled properly. The mobile unit would provide access to health care for those living in more rural areas, patients residing in nursing homes or skilled nursing facilities, and those whose status prevents them from being transported for doctor visits.

B. DISCUSSION

As mentioned above, California Government Code Section 56133 enables LAFCo to authorize a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries under specified circumstances. Considering the optometry practice in Fortuna is located outside the SHCHD boundary

and sphere of influence, the following administrative determinations must be considered:

- **The service extension is proposed to remedy a clear health and safety concern**
The SHCHD is in the process of establishing a new service offering, Optometry, that may also be available to people outside the District. The Fortuna site and practice is available now, and the expanded partnership will benefit all residents of the District. Providing essential community healthcare services is an ongoing need in the community. The lack of optometry services is well recognized on a national level and building partnerships between optometrists and community health centers to ensure new and ongoing optometry services is critical to addressing barriers in the level of care in underserved communities. Fortuna City Manager Merrit Perry in a personal communication with LAFCo Executive Officer on August 8, 2023, noted that any and all healthcare services are in critical need in the community and expressed support for maintaining the optometry practice in Fortuna.

- **The services in question will not facilitate development**
The subject property is developed with an existing commercial building with two tenants, including Fortuna Optometry. Dr. Alan French, OD has been practicing and providing eyecare services at this location for 25 years or more. No new development or change in use is proposed at the site. Optometry services are not like water, wastewater, or road facilities or services that may enable new adjacent development by virtue of their extension. There is no indication that the continuation of an optometry practice outside of the District or the establishment of optometry service inside the District will facilitate development.

C. ANALYSIS

The Commission has a locally-adopted policy and procedural guidelines by which the Commission considers requests for the extension of services pursuant to Government Code Section 56133. The Commission recognizes the importance of considering local conditions and circumstances when implementing these policies. Several components are especially relevant to this application:

Criteria for Authorizations for Outside Service Area Requests

The Commission's policy clarifies that the Commission and the Executive Officer shall limit its outside service area authorizations to circumstances where:

- **Sufficient service capacity exists**
No facility upgrades, expansion or changes in use are proposed at the site.

- **Annexation would not be practicable**
The jurisdictional boundary of the SHCHD matches the hospital-related service area of the District. SHCHD was originally formed pursuant to Health and Safety Code Section 32000 on November 21, 1978, as the Southern Humboldt Community Hospital District, following a successful election in June of 1978. The Hospital District was formed due to the imminent closure of the Southern

Humboldt Community Hospital, which was privately-owned and operated at the current hospital location since 1949. The community's desire to maintain a local hospital spurred the idea of a Hospital District which, through taxation, could financially support the facility. The boundaries of the district were established to follow the boundaries of the Southern Humboldt Unified School District in Southern Humboldt and Northern Mendocino counties.

In 2018, SHCHD detached the Blocksburg area from the district's boundary after determining that residents in the community of Blocksburg requiring ambulance and emergency medical services are generally transported or travel north to Redwood Memorial Hospital in Fortuna (outside of the District), rather than traveling south to Jerold Phelps Community Hospital, which is a SHCHD-operated facility located within the community of Garberville. As such, the detachment of Blocksburg area properties from the District's jurisdictional boundary and service area prevented taxing residents for hospital-related services they do not utilize.

Presently, SHCHD operates the Jerold Phelps Community Hospital with its attached skilled nursing unit in Garberville; the Southern Humboldt Community Clinic, a certified rural health clinic in Garberville; the Southern Humboldt Family Resource Center in Redway; and the Garberville Pharmacy. Direct services include an acute care hospital, 24/7 emergency room, laboratory, radiology, ultrasound, physical therapy, mammography, home health/visiting nurse program, swing-bed, visiting specialists, skilled nursing, a rural health clinic, outpatient pharmacy, and the Family Resource Center. The Garberville and Fortuna Optometry practices will be the District's newest offerings.

The Jerold Phelps Community Hospital converted to Critical Access Hospital status in 2002 due to its remote location (the nearest hospital is Redwood Memorial Hospital in Fortuna, approximately 51 miles north of Garberville). The District's current hospital facility does not meet seismic safety standards, which has prompted the District to find and open a new facility by 2030. A new hospital is estimated to cost around \$35 million. The new facility to be located at 286 Sprowel Creek Road will replace Jerold Phelps Community Hospital and Southern Humboldt Community Clinic's current building. The project steering committee held their kick-off meeting in April 2023, officially beginning the Planning and Concept Site Development Phase of this endeavor.

- **The proposal is consistent with the policies adopted in and pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.**

The service request is consistent with Government Code Section 56133 and Commission Policy.

Figure 1: SHCHD Boundary and Coterminous SOI



Environmental Review

All matters that involve discretionary action are subject to the applicable provisions of the California Environmental Quality Act (CEQA). The action is exempt from the CEQA pursuant to CEQA Guidelines Section 15061(b)3 because it can be seen with certainty that there is no possibility that the activity in question will have a significant effect on the environment - where the activity is the provision of optometry services at an existing practice that does not involve development or a change in the manner for which an existing service is provided.

D. RECOMMENDATION

Staff recommends the Commission approve the extension of service outside the District's boundary to APN 040-184-002, which is the existing site of Fortuna Optometry, as described in the staff report (see Option 1 below). It is recommended that the approval include the following condition(s):

1. The SHCHD shall provide a status report to LAFCo regarding the use and operation of the Fortuna clinic within one year of this approval and to inform the next Municipal Service Review and Sphere of Influence (MSR/SOI) update for the District.

Alternatives for Commission Action

Staff has identified three options for Commission consideration with respect to the service extension request. These options are summarized below.

- Option 1 (Recommended): Adopt the draft resolutions identified as Attachment A approving the request along with any desired changes as requested by commissioners.
- Option Two: Continue consideration of the item to the next regular meeting and provide direction to staff for additional information as needed.
- Option Three: Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year unless a request for reconsideration is filed and approved within 30 days of Commission action.

Procedures for Consideration

The following procedures are recommended with respect to the Commission's consideration of this item:

- A. Receive verbal report from staff
- B. Invite public testimony
- C. Discuss item and consider action on recommendation:

"I move to adopt Resolution No. 23-05, authorizing the Southern Humboldt Community Healthcare District (SHCHD) to provide optometry services outside the District's jurisdictional boundary and sphere of influence to APN 040-184-002, which is the existing site of Fortuna Optometry, as described in the staff report, subject to the recommended condition(s)."

Attachments

Attachment A: Draft Resolution 23-05



RESOLUTION NO. 23-05

AUTHORIZING THE SOUTHERN HUMBOLDT COMMUNITY HEALTHCARE DISTRICT TO PROVIDE OPTOMETRY SERVICES OUTSIDE THE DISTRICT BOUNDARY AND SPHERE OF INFLUENCE TO APN 040-184-00 (EXISTING SITE OF FORTUNA OPTOMETRY) AND VIA MOBILE EYE CARE UNIT

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

WHEREAS, the Commission received an application from the Southern Humboldt Community Healthcare District (hereinafter referred to as "SHCHD" or "District") requesting authorization to provide optometry services outside the District's jurisdictional boundary and sphere of influence to APN 040-184-002 (600 9th Street Professional Building in Fortuna), which is the existing site of Fortuna Optometry (630 9th Street), in accordance with Government Code Section 56133; and

WHEREAS, the reasons for the proposal include the following:

- SHCHD seeks to establish optometry services for its entire district, with optometry practices in Fortuna and Garberville, as well as a mobile eye care unit to provide access to health care for those living in rural areas.
- Fortuna Optometry is a fully equipped optometry practice that is owned and operated by an optometrist interested in partnering with SHCHD to provide optometry services throughout the District.
- It would likely be substantially more expensive to renovate existing space or construct a new building in the northern portion of the District, plus the cost of acquiring equipment, to provide this service and the opportunity to partner with the Fortuna Optometry and the potential economies of scale available through this partnership may not be present.
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- Health Care District law also allows Districts to "establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district." H&S Code 32121(j)

WHEREAS, the Commission reviewed and considered the Executive Officer's report and recommendation; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public meeting held on November 15, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

1. The foregoing recitals are true and correct.
2. The action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)3 because it can be seen with certainty that there is no possibility that the activity in question will have a significant effect on the environment - where the activity is the provision of optometry services at an existing practice that does not involve development or a change in the manner for which an existing service is provided.
3. The Commission has considered the factors determined to be relevant to this proposal, including, but not limited to Humboldt LAFCo policies, Government Code Section 56133 requirements, and other factors as described in the staff report.
4. The Commission hereby authorizes the District to provide optometry services outside its jurisdictional boundary and sphere of influence, subject to the following condition(s):
 - a. The SHCHD shall provide a status report to LAFCo regarding the use and operation of the Fortuna clinic within one year of this approval and to inform the next Municipal Service Review and Sphere of Influence (MSR/SOI) update for the District.

PASSED AND ADOPTED at a meeting of the Humboldt Local Agency Formation Commission on the 15th of November, 2023, by the following roll call vote:

AYES: Commissioners:
NOES: Commissioners:
ABSENT: Commissioners:
ABSTAIN: Commissioners:

Michelle Bushnell, Chair
Humboldt LAFCo

Attest:

Colette Santsche, Executive Officer
Humboldt LAFCo