



Santa Cruz Local Agency Formation Commission

Date: February 9, 2022
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: Legislative Update

SUMMARY OF RECOMMENDATION

LAFCO staff tracks bills during the legislative session and provides periodic updates. The Commission may take a position on any tracked bill. This agenda item is for informational purposes only and does not require any action at this time. Therefore, it is recommended that the Commission receive and file the Executive Officer's report.

EXECUTIVE OFFICER'S REPORT:

The State Legislature reconvened the second half of its two-year legislative session on January 3, 2022. Approximately 2,900 bills have been introduced during the two-year session. The deadline to introduce a bill will be February 18. All bills must pass out of their house of origin (Assembly or Senate) no later than May 27. Afterwards, all bills must pass through both houses by August 31 with a 30-day period for the Governor to either sign or veto passed bills. **Attachment 1** provides an overview of this year's legislative calendar. The website for additional bill information is <http://leginfo.legislature.ca.gov/>.

Tracked Bills

The California Association of LAFCOs (CALAFCO) monitors legislative matters that may impact the Commission's ability to effectively administer its regulatory responsibilities. At present, there are 16 bills that directly or indirectly impact LAFCOs. An overview of each of the tracked bills is shown in **Attachment 2**. Staff is currently watching these bills, specifically Senate Bill 418 (**Attachment 3**). This bill intends to create a healthcare district in Santa Cruz County, as discussed below. **Attachment 4** shows the proposed boundary of the new healthcare district, if formed.

Senate Bill 418

The current owner of the Watsonville Community Hospital has recently filed for bankruptcy, which highlights the long-standing ownership turnover issue involving this hospital. The hospital has seen 20 different owners in the last 21 years. Despite the ownership issue, the hospital continues to be essential in serving the community's primarily low-income, underinsured, and uninsured populations, especially during the ongoing pandemic. That is why this bill was introduced in order to implement governmental oversight to the hospital's operations and management. The Pajaro Valley Healthcare District Project (PVHDP) has been spearheading this effort for the last several months. The group includes representatives from Santa Cruz County, the City of Watsonville and non-profit organizations such as Salud Para La Gente. During this time, PVHDP has invited LAFCO to provide assistance in the governance and boundaries of the proposed healthcare district. LAFCO staff has also been coordinating with Monterey LAFCO and CALAFCO to ensure that appropriate amendments are included in the bill in order to address LAFCO-related issues and/or concerns.

The proposed amendments identified by CALAFCO, Monterey LAFCO, and Santa Cruz LAFCO are shown below:

1. We would like language that calls for the Santa Cruz LAFCO to initiate a special study 3 years after the formation of the district;
2. We want the new district to provide LAFCO a report, annually for the first 3 years, using the 6 determinations for service reviews as outlined in GCS 56430(a)(1) - (6);
3. We would like it explicitly stated within the bill that within one year of district formation, Santa Cruz LAFCO shall adopt a sphere of influence for the district pursuant to GCS 56426.5; and
4. There is concern about the language on the governance structure. If it's possible we would like that governance structure be defined better. Further, we would like it stated that both the initial Board and the subsequent zoned-based Board shall include representation from both Monterey and Santa Cruz counties, given the district boundaries will encompass both counties.

The Commission may consider adopting an official position once staff retrieves all the necessary information to make a recommendation. In the interim, LAFCO staff will continue to monitor and provide periodic updates on SB 418, the other tracked bills, and any new LAFCO-related bills introduced as the legislative session unfolds.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachment:

1. [State Legislative Calendar](#)
2. [Tracking List of LAFCO-related Bills \(as of January 18, 2022\)](#)
3. [Senate Bill 418 \(draft language\)](#)
4. [Vicinity Map of the proposed "Pajaro Valley Healthcare District"](#)