

***CALAVERAS  
LOCAL AGENCY FORMATION COMMISSION  
(LAFCo)***

***MARK TWAIN HEALTH CARE DISTRICT  
(MTHCD)***

***MUNICIPAL SERVICE REVIEW (MSR)***

***AND***

***SPHERE OF INFLUENCE (SOI)***

*January 2017*

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## **1 INTRODUCTION**

### **1.1 Role and Responsibility of LAFCO**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (“CKH Act”) (California Government Code §§56000 et seq.), is LAFCo’s governing law and outlines the requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (§56301).

CKH Act Section 56301 further establishes that

*“one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”*

Based on that legislative charge, LAFCo serves as an arm of the State; preparing and reviewing studies and analyzing independent data to make informed, quasi-legislative decisions that guide the physical and economic development of the state (including agricultural uses) and the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses.

While SOIs are required to be updated every five years, they are not time-bound as planning tools by the statute, but are meant to address the “probable physical boundaries and service area of a local agency” (§56076). SOIs therefore guide both the near-term and long-term physical and economic development of local agencies their broader county area, and MSRs provide the near-term and long- term time-relevant data to inform LAFCo’s SOI determinations.

### **1.2 Purpose of a Municipal Service Review**

As described above, MSRs are designed to equip LAFCo with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCo broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services.

The purpose of a Municipal Services Review (MSR) in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. The MSR is intended to provide information and analysis to support a sphere of influence update.

A written statement of the study's determinations must be made in the following areas:

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

The MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

### **1.3 Purpose of a Sphere Of Influence**

In 1972, LAFCOs were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, "sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission" (§56076). SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. Likewise, they are also designed to discourage urban sprawl and the premature conversion of agricultural and open space resources to urbanized uses.

The role of SOIs in guiding the State's growth and development was validated and strengthened in 2000 when the Legislature passed Assembly Bill ("AB") 2838 (Chapter 761, Statutes of 2000), which was the result of two years of labor by the Commission on Local Governance for the 21st Century, which traveled up and down the State taking testimony from a variety of local government stakeholders and assembled an extensive set of recommendations to the Legislature to strengthen the powers and tools of LAFCOs to promote logical and orderly growth and development, and the efficient, cost-effective, and reliable delivery of public services to California's residents, businesses, landowners, and visitors.

The requirement for LAFCOs to conduct MSRs was established by AB 2838 as an acknowledgment of the importance of SOIs and recognition that regular periodic updates of SOIs should be conducted on a five-year basis (§56425(g)) with the benefit of better information and data through MSRs (§56430(a)). A MSR is conducted prior to, or in conjunction with, the update of a SOI and provides the foundation for updating it. LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(c)):

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 an SOI 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 of influence.

## **2 COMMUNITY**

### **2.1 Calaveras County Background**

The Calaveras County population was 45,578 in 2010. The County Seat is San Andreas and Angels Camp is the only incorporated city. *Calaveras* is the Spanish word for skulls; the county was reportedly named for the remains of Native Americans discovered by the Spanish explorer Captain Gabriel Moraga. Calaveras County is located in both the gold Country and High Sierra regions of California.

Calaveras Big Trees State Park, a preserve of Giant Sequoia trees, is located in the County several miles east of the town of Arnold. Credit for the discovery of giant sequoias here is given to Augustus T. Dowd, a trapper who made the discovery in 1852 while tracking a bear. When the bark from the "Discovery Tree" was removed and taken on a tour around the world, the trees soon became a worldwide sensation and one of the county's first tourist attractions. The uncommon gold telluride mineral calaverite was discovered in the county in 1861 and is named for it.

Mark Twain set his story, "The Celebrated Jumping Frog of Calaveras County", in the County. The County hosts an annual fair and Jumping Frog Jubilee, featuring a frog-jumping contest, to celebrate the association with Twain's story. Each year's winner is commemorated with a brass plaque mounted in the sidewalk of downtown Historic Angels Camp and this feature is known as the Frog Hop of Fame. The California red-legged frog, feared extinct in the county by 1969, was rediscovered in 2003.

### **2.2 Calaveras County General Plan**

The proposed General Plan describes Calaveras County as follows:

*Calaveras County is one of the more rural counties in California with a population of 45,668 in a land area of 1020 square miles (663,478 acres.) This is roughly 0.07 persons per acre or almost 15 acres for every person in the county. The county's population is expected to grow to 54,912 by 2035, based on California Department of Finance estimates and projections in 2015, an increase of approximately 9000 people.*

*The county consists of a number of small, historic communities established primarily during the Gold Rush period of early California history, separated by large landholdings of agricultural land (primarily used for grazing) and timberland, interspersed with rural residential homes on larger acreage lots of five to twenty acres or more. There are several active and inactive mines in the county along with the recreational resources of several reservoirs, Stanislaus National Forest lands, and Calaveras Big Trees State Park. Approximately 21 percent of the land in the county is publicly owned.*

*Calaveras County's communities lie primarily along the historic routes of Highways 49 and 12. These include Mokelumne Hill, San Andreas, Valley Springs, and the incorporated city of Angels Camp. State Route 4 is the only trans-Sierra route in the County and along it lie Copperopolis, Murphys, and Arnold. Other smaller communities include Wallace and*

*Burson in the western end of the county, West Point, Wilseyville, and Mountain Ranch in the north-central part, and Avery and Dorrington on Highway 4. More detailed descriptions and history of these and other communities are included in the Community Planning Element of the General Plan.*

*The historic communities have been the centers of commerce and population for much of the County's history. In more recent decades, beginning in the 1960s and 1970s, manufacturing and resource-based jobs began to decline when the cement plant in San Andreas closed and the timber industry contracted. The economy has shifted in the past several decades to rely more on tourism and service industries, and residential home construction.*

*The growth rate for Calaveras County during the 1970s and 1980s was 4.3 percent. It increased to 4.4 percent during the 1990s but dropped to 2.6 percent from 2000 to 2007. During those decades a number of residential subdivisions were built near Valley Springs, Copperopolis, and along the Highway 4 corridor, while rural residential parcels were developed in large areas in the western, southern, and central parts of the county.*

*Many new residential projects were proposed and built leading up to the economic crisis of 2007-08, targeting housing for commuters to cities in the San Joaquin Valley and other nearby communities. Since the economic collapse new construction has been stagnant, with the County experiencing a population decline for several years. Current projections by the California Department of Finance show a growth rate of 0.2 percent.*

*The 1996 General Plan land use map accommodated this prior growth by identifying large areas of land designated "Future Single Family Residential" throughout the western and central portions of the county, and "Community Center" in areas around existing communities.*

*In addition, six Community Plans (Valley Springs, San Andreas, Mokelumne Hill, Murphys-Douglas Flat, Avery-Hathaway Pines, and Arnold) were adopted, along with two Special Plans (Rancho Calaveras and Ebbetts Pass.) In 2004, a specific plan was adopted for a large development project in the Copperopolis area, Oak Canyon Ranch.<sup>1</sup>*

The proposed General Plan shows the following goals for land use designations:

*Land uses are widely distributed throughout the county. Higher density residential, commercial, and industrial uses follow the historical development pattern in and around the existing communities, where infrastructure and services are available. Areas around these communities have been designated to provide for expansion of*

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<sup>1</sup> Calaveras County, General Plan Land Use Element, Planning Commission Recommendation, November 5, 2015, Page-LU2.



*commercial, industrial, and residential uses to take advantage of that infrastructure, and to reduce the costs of providing services to a more widely scattered population. Land use policies are intended to encourage development within and nearby existing communities, while maintaining their character and economic vitality. The plan does, however, provide ample opportunity for additional rural residential development, along with providing land to support a vibrant agricultural and timber economy.<sup>2</sup>*

### **2.3 Calaveras County Population Growth**

The following table shows the population growth in Calaveras County from 1920 to 2014. The population is expected to increase slowly in the future.

| <b>Population Change Calaveras County<sup>3</sup></b> |                     |
|---|---------------------|
| <b>Year</b>   | <b>Population</b>   |
| 1920  | 6,183               |
| 1930  | 6,008               |
| 1940  | 8,221               |
| 1950  | 9,902               |
| 1960  | 10,289              |
| 1970  | 13,585              |
| 1980  | 20,710              |
| 1990  | 31,998              |
| 2000  | 40,554              |
| 2010  | 45,578              |
| 2014  | 44,624 <sup>4</sup> |

Although the population of Calaveras County has decreased slightly since the 2010 census, it is expected to increase slowly in the future through growth in and adjacent to established communities.

<sup>2</sup> Calaveras County, General Plan Land Use Element, Planning Commission Recommendation November 5, 2015, Page-LU3.

<sup>3</sup> Calaveras County, Housing Element, May 2015, Page 12.

<sup>4</sup> US Census Bureau, [HTTP://WWW.CENSUS.GOV/QUICKFACTS/TABLE/PST045215/06009,00](http://www.census.gov/quickfacts/table/pst045215/06009,00), March 9, 2016.

## **2.4 Calaveras County Health Issues**

Since this report deals with the Health Care District and health care facilities in Calaveras County, the following health issues noted by the Mark Twain Medical Center are noted as part of this background information.

### *Health Issues<sup>5</sup>*

- *33% of Calaveras County students were overweight or obese in 2010, slightly lower than California overall at 38%.*
- *The percentage of adults with diabetes is 7.8% and 8.4% in the rest of the state.*
- *One-third of residents reported that they had been diagnosed with high blood pressure.*
- *19% of individuals in Calaveras County from ages 5 to 17 have a disability, compared to the state level of 10%.*
- *Limited services and service providers make it difficult to access mental health, obstetrical and specialty care services.*
- *The percentages of Calaveras County kindergartners with all required immunizations were 78% in 2012-2013 compared to the 90% state average.*
- *There is a lack of mental health services in the county.*
- *Suicides are increasing at 25.2% over the state average of 10.2% per 100,000 population.*

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<sup>5</sup> Mark Twain Medical Center Community Benefit Report FY2014 – Community Benefit Implementation Plan FY2015, Pages 11-12.

### **3 MARK TWAIN HEALTH CARE DISTRICT**

#### **3.1 History of Mark Twain Health Care District<sup>6</sup>**

The Mark Twain Hospital District, a public agency, was formed by a vote of the people of Calaveras County in a special election held August 27th, 1946. The vote of the people was 1,702 in favor of formation and 111 voting against its formation. The political boundaries of the Mark Twain Hospital District comprised the entire County of Calaveras.

Hospital Districts were a product of the Health and Safety Code 32000, the "Local Hospital District Law." In 1994 the State Legislature broadened the scope of activity of a Hospital District and renamed the statute to its current reference, Health Care District Law.

The focus of today's health care district is to provide direct support and education for the health care needs of the communities served by the district. The Mark Twain Health Care District, as a public agency, is subject to the Brown Act and the Public Records Act.

In August 1951 the Mark Twain District hospital located in San Andreas was dedicated.

#### **3.2 Contact Information for Mark Twain Health Care District**

The contact information for the Mark Twain Health Care District is as follows:<sup>7</sup>

Mailing Address: Mark Twain Health Care District  
PO Box 668, San Andreas, CA 95249

Phone: (209) 754-4468  
Website: marktwainhealthdistrict.org

Administrator Name and Title: Sandy Haskins, Interim Executive Director<sup>8</sup>

#### **3.3 Mark Twain Health Care District Governing Board**

The meeting date, time and place for Governing Body is the fourth Wednesday of each month at 7:30 am at the Mark Twain Medical Center. The members of the Board of Directors are as follows:

Lin Reed , Chair  
Ken McInturf, Treasurer  
Ann Radford  
Susan Atkinson  
Randy Smart, M.D.

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<sup>6</sup> Mark Twain Health Care District, <http://marktwainhealthdistrict.org/about/>, August 17, 2016.

<sup>7</sup> Calaveras LAFCo, Questionnaire, Mark Twain Health Care District, August 3, 2016.

<sup>8</sup> [http://www.calaverasenterprise.com/news/article\\_89b04cf4-6a50-11e6-91ab-635093dffabb.html](http://www.calaverasenterprise.com/news/article_89b04cf4-6a50-11e6-91ab-635093dffabb.html), September 20, 2016.

### **3.4 Mark Twain Health Care District Mission Statement, Vision and Goals**<sup>9</sup>

#### **3.4.1 Mark Twain Health Care District Mission Statement**

The Mission Statement for the Mark Twain Health Care District is as follows:

*“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.*

#### **3.4.2 Mark Twain Health Care District Vision Statement**

The Vision Statement for the Mark Twain Health Care District is as follows:

*The Mark Twain Health Care District (MTHCD), is a public agency which owns the Mark Twain Medical Center building and grounds, and leases its operations to Mark Twain Medical Center Corporation.*

*The Mark Twain Health Care District is dedicated to the health and wellbeing of the individuals and communities of Calaveras County. Establish and maintain identity of the MTHCD.*

*Accountability Communication Collaboration Education Stewardship Service--*

*The cumulative effect of these values is the focus on **ACCESS** to health care in Calaveras County.*

*To support these values we have developed a series of **Goals and Objectives** that will assist the MTHCD board and community in monitoring our process and progress.*

#### **3.4.3 Mark Twain Health Care District Goals**

Goal #1

**Mark Twain Medical Center is a high quality hospital serving all residents of Calaveras County.**

- Partner with Mark Twain Medical Center and Dignity Health to optimize provider development through recruitment and retention.
- Review and evaluate the lease agreement with Mark Twain Medical Center Corporation.
- Execute a new lease with MTMC Corporation.

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<sup>9</sup> Mark Twain Health Care District, <http://marktwainhealthdistrict.org/about/mission-vision/>, August 17, 2016.

**Goal #2**

**Collaborate with the Mark Twain Medical Center Foundation to establish it as the foundation of choice for health services in Calaveras County.**

- Assist Fundraising for the new Angel's Camp and Valley Springs clinics.
- Identify new capital improvements for the Mark Twain Medical Center.
- Host community health education services.
- Golden Health Awards

**Goal #3**

**Develop with Mark Twain Medical Center and The Dignity Health System decision criteria for the provision of comprehensive Medical/Health services**

- Improve and implement the Regional Health needs assessment to identify specific areas of focus Calaveras County.
- Support and expand Telemedicine/Telehealth

**Goal #4**

**Establish the public identity of the Mark Twain Health Care District.**

- Publish annual report of the MTHCD for the community.
- Maintain highly functional web site that allows the community we serve to understand our services and meeting process.
- Increase over all visibility of the MTHCD through its activities throughout Calaveras County.
- Maintain Scholarship awards to motivate medical/health careers.

**Goal #5**

**Support access to care**

- Fund Health Fairs in multiple communities noting programs supported.
- Facilitate discussions about Community Education
- Promote medical clinics in multiple communities.
- Support safety net programs and services.
- Partner with Calaveras County Public Health Programs

**Goal #6**

**Development and completion of Valley Springs Project.**

- Complete Valley Springs Medical Center Project
- Access community needs for development of adjacent properties for future use.
- Establish business plan for management of this project

**3.4.4 Mark Twain Health Care District Programs**

The Mark Twain Health Care District supports the following programs: Health Fair, Respite Care, Pink in the Night, Education Forums, Golden Health Awards, Elder Abuse Awareness, High School Scholarships, and Chronic Disease Management Program of the Calaveras County Health and Human Service Agency in addition to the Mark Twain Medical Clinics and the Mark Twain Medical Center.

### 3.5 MTHCD Financial Information

#### 3.5.1 Budget

The 2016-17 Budget for the Mark Twain Health Care District is shown below:

| <b>Mark Twain Health Care District Operating Budget July 2016 –June 2017</b> |                                |                  |
|--|--------------------------------|------------------|
| <b>Income</b>  |                                |                  |
| 550.10   | Rental Revenue                 | 319,345          |
| 550.20   | Land Rental Revenue            | 5,777            |
| 550.30   | MOB* Lease rent                | 226,600          |
| 560.10   | District Tax Revenue           | 902,267          |
| 570.10   | Interest Income                | 11,000           |
| 570.20   | Other Miscellaneous Income     | 1,250            |
| <b>Total Income</b>  |                                | <b>1,466,239</b> |
| <b>Expense</b>   |                                |                  |
| 66000  | Payroll Expense                | 24,000           |
| 710.00   | Insurance                      | 14,600           |
| 715.23   | Legal Fees                     | 50,000           |
| 715.24   | Audit Fees                     | 12,000           |
| 715.25   | Management Consulting Fees     | 84,000           |
| 715.26   | Operational Consulting Fees    | 30,000           |
| 720.64   | Accounting Services            | 77,100           |
| 730.00   | Utilities                      | 631,600          |
| 731.00   | Community Education /Marketing | 20,000           |
| 734.00   | MOB* Rent                      | 222,774          |
| 740.86   | Dues and Subscriptions         | 14,000           |
| 740.88   | Travel, Meals/Lodging          | 7,500            |
| 740.00   | Miscellaneous                  | 7,000            |
| <b>Total Operating Expense</b>   |                                | <b>1,194,574</b> |
| Operating Income before Programs and Events                                  |                                | 271,665          |
| <b>Operating Income before Programs and Events</b>                           |                                |                  |
| 716.00   | Programs and Events            |                  |
| 716.01   | Pink in the Night              | 10,000           |
| 716.02   | Health Fair                    | 20,000           |
| 716.03   | Health Education Forum         | 3,000            |
| 716.07   | Chronic Disease Program        | 25,000           |
| 716.08   | Respite Care Program           | 7,000            |
| 716.09   | Technology for Students        | 4,000            |
| 716.10   | Miscellaneous                  | 5,000            |
| 716.12   | Golden Health Awards           | 47,500           |
| 716.13   | Foundation Sponsorships        | 4,000            |
| 716.14   | Community Sponsorships         | 15,000           |
| 716.15   | Outpatient Telehealth          | 30,000           |
| <b>Total Programs and Events</b>   |                                | <b>170,500</b>   |
| <b>Operating Income after Programs and Events</b>                            |                                | <b>101,165</b>   |
| 735.00   | Depreciation and Amortization  | 39,885           |
| <b>TOTAL Operating Income</b>  |                                | <b>61,280</b>    |

\*MOB (Medical Office Building)

Since a separate nonprofit corporation operates the Mark Twain Medical Center, the budget for the Mark Twain Health Care District is relatively small.

### 3.5.2 Audit

A budget is a plan for spending but an audit examines funds actually spent and also shows liabilities and assets not shown in a budget. The Balance Sheet for the Mark Twain Health Care District is shown below, followed by the Statement of Change in Net Position and the Statement of Cash Flows.

| <b>Mark Twain Health Care District Balance Sheet June 30, 2015<sup>10</sup></b> |                   |                   |
|---|-------------------|-------------------|
|   | June 30, 2015     | June 30, 2014     |
| <b>ASSETS</b>   |                   |                   |
| Current assets  |                   |                   |
| Cash and cash equivalents   | \$2,386,298       | \$2,429,039       |
| Other receivables   | 49,369            | 60,800            |
| Prepaid expenses and deposits   | 7,031             | 14,018            |
| <b>Total current assets</b>   | <b>2,442,698</b>  | <b>2,503,857</b>  |
| Property and equipment  |                   |                   |
| Land  | 734,307           | 734,307           |
| Land improvements   | 150,308           | 150,308           |
| Buildings and improvements  | 4,560,258         | 4,478,938         |
| Equipment   | 708,395           | 698,156           |
| Construction in progress  | 73,199            | 43,179            |
|   | 6,226,467         | 6,104,888         |
| Less accumulated depreciation   | (5,209,800)       | (5,101,716)       |
|   | 1,016,667         | 1,003,172         |
| *Interest in Mark Twain Medical Center  | 19,828,531        | 19,773,286        |
| Other assets  | 124,608           | 84,582            |
| <b>Total assets</b>   | <b>23,412,504</b> | <b>23,364,897</b> |
| <b>LIABILITIES AND NET POSITION</b>   |                   |                   |
| Current liabilities   |                   |                   |
| Accounts payable and accrued expenses   | \$73,552          | \$43,550          |
| Accrued payroll and related liabilities   | 1,269             |                   |
| Due to Mark Twain Medical Center  | 142,375           | 174,014           |
| <b>Total current liabilities</b>  | <b>217,196</b>    | <b>217,564</b>    |
| Unrestricted net position   | 23,195,308        | 23,147,333        |
| <b>Total liabilities and net position</b>                                       | <b>23,412,504</b> | <b>23,364,897</b> |

- The District's interest is a result of the MTMC's Bylaws, which provide that upon windup or dissolution of the MTMC, any residual value (net assets greater than net liabilities) would be divided between the District and Dignity Health)

<sup>10</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 7.

| <b>Mark Twain Health Care District</b>   |                   |                   |
|--|-------------------|-------------------|
| <b>Statements of Revenues, Expenses and Changes in Net Position June 30, 2015<sup>11</sup></b> |                   |                   |
|  | June 30, 2015     | June 30, 2014     |
| <b>REVENUES</b>  |                   |                   |
| *District taxes  | 864,924           | 804,018           |
| Rental income  | 529,704           | 477,015           |
| Interest and other income  | 11,544            | 9,036             |
| Total revenues, gains and losses   | 1,406,172         | 1,290,069         |
| <b>EXPENSES</b>  |                   |                   |
| Salaries, wages and administrative benefits  | 10,480            | 21,330            |
| Professional fees  | 122,560           | 113,058           |
| Programs and events  | 152,691           | 75,160            |
| Tenant services  | 77,476            | 42,000            |
| Medical office building rent**   | 209,985           | 204,880           |
| Utilities and phone  | 598,074           | 626,777           |
| Insurance  | 14,447            | 10,485            |
| Repairs and maintenance  | 807               |                   |
| Depreciation and amortization  | 109,212           | 124,961           |
| Loss on disposal   | 46,012            |                   |
| Other operating expenses   | 42,605            | 43,298            |
| Total expenses   | 1,384,349         | 1,261,949         |
| Excess of revenues over expenses   | 21,823            | 28,120            |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |                   |                   |
| Debt financing costs   | (29,093)          |                   |
| Gain (loss) in interest Mark Twain Medical Center  | 55,245            | 669,164           |
| Increase (decrease) in net position  | 47,975            | 697,284           |
| Net position at the beginning of the year  | 23,147,333        | 22,450,049        |
| <b>Net position at the end of the year</b>   | <b>23,195,308</b> | <b>23,147,333</b> |

\*District tax Revenues: The District receives approximately 65% of its operating support from property taxes. These funds are used to support operations of the District. They are classified as operating revenue as the revenue is directly linked to the operations of the District. Property taxes are levied by the County on the District's behalf during the year, and are intended to help finance the District's activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. The County has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date.<sup>12</sup>

\*\*During the year ended June 30, 2008, the District entered into a land and medical office building lease agreement with San Andreas Medical and Professional Office Building (SAMPO). The District leases land located at 704 Mountain Ranch Road in San Andreas to SAMPO at no cost due to the fact that the development of the property by SAMPO was deemed sufficient to offset any future lease payments. SAMPO built and owns the medical office building (MOB) located on the aforementioned land and then leases the MOB to the District. Lease expense for the years ended June 30, 2015 and 2014 regarding this agreement were \$209,985 and \$204,880 respectively. The District has subleased portions of the MOB to the Stockton Cardiology Medical Group and others, and to the Corporation. Lease revenues under the subleasing arrangements and other arrangements were \$213,888 and \$161,199 for the year ended June 30, 2015 and 2014, respectively.<sup>13</sup>

<sup>11</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 8.

<sup>12</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 12.

<sup>13</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 14.



| <b>Mark Twain Health Care District Statements of Cash Flows June 30, 2015<sup>14</sup></b> |                    |                    |
|--|--------------------|--------------------|
|  | June 30, 2015      | June 30, 2014      |
| <b>Cash flows from operating activities</b>  |                    |                    |
| Cash received from District taxes  | 860,045            | 893,301            |
| Cash received from rental and other activities   | 448,443            | 408,403            |
| Cash paid for administrative benefits  | (9,211)            | (21,330)           |
| Cash paid for suppliers and outside vendors  | (1,104,180)        | (1,091,712)        |
| Net cash provided by operating activities  | 195,097            | 188,662            |
| <b>Cash flows from financing and investing activities</b>                                  |                    |                    |
| Purchases property/equipment, net of disposals   | (113,474)          | (34,378)           |
| Debt financing costs   | (29,093)           |                    |
| Change in other assets   | (95,271)           | (58,535)           |
| Net cash used in financing activities  | (237,838)          | (92,913)           |
| Net increase in cash and cash equivalents  | (42,741)           | 95,749             |
| Cash and cash equivalents at beginning of year   | 2,429,039          | 2,333,290          |
| <b>Cash and cash equivalents at end of year*</b>   | <b>\$2,386,298</b> | <b>\$2,429,039</b> |
| <b>Reconciliation: changes in net position to net cash by operating activities</b>         |                    |                    |
| Excess of revenues over expenses   | 21,823             | 28,120             |
| Adjustments to reconcile changes-net position to net cash by operating activities          |                    |                    |
| Depreciation and amortization  | 109,212            | 124,961            |
| Loss on disposal   | 46,012             |                    |
| Changes in operating assets and liabilities  |                    |                    |
| District tax and other receivables   | 11,431             | 85,273             |
| Paid expenses  | 6,987              | 2,785              |
| Accounts payable and accrued expenses  | 30,002             | (20,839)           |
| Accrued payroll and related liabilities  | 1,269              |                    |
| Due to Mark twain Medical Center   | (31,639)           | (31,638)           |
| <b>Net cash provided by operating activities</b>   | <b>\$195,097</b>   | <b>\$188,662</b>   |

\*As of June 30, 2015 and 2014, the District had deposits invested in a bank of \$2,386,298 and \$2,429,039, respectively. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code or federally insured.<sup>15</sup>

The first of the three tables shown above is the most important because it shows the value of the District's share of the Mark Twain Medical Center Corporation at \$19,828,531 and \$19,773,286 as of June 30, 2015 and 2014, respectively. This value is contingent as it reflects only a ½ interest in any residual value (net assets over net liabilities upon dissolution of the MTMC).

<sup>14</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 9.

<sup>15</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 13.

| <b>MARK TWAIN HEALTH CARE DISTRICT PROPERTY AND EQUIPMENT<sup>16</sup></b> |                            |                                 |  |                            |
|--|----------------------------|---------------------------------|--|----------------------------|
|  | <b>Balance<br/>6-30-14</b> | <b>Transfers/<br/>Additions</b> | <b>Dis-posals/<br/>Retire-<br/>ments</b> | <b>Balance<br/>6-30-15</b> |
| Land/Improvements  | 884,614                    |                                 |  | 884,614                    |
| Buildings/Improvements   | 4,478,938                  | 81,320                          |  | 4,560,258                  |
| Equipment  | 698,156                    | 10,239                          |  | 708,395                    |
| Construction in progress   | 43,180                     | 76,032                          | (46,012)                                 | *73,200                    |
| <b>TOTAL HISTORICAL COST</b>   | <b>6,104,888</b>           | <b>167,591</b>                  | <b>(46,012)</b>                          | <b>6,226,467</b>           |
| Less accumulated depreciation for:   |                            |                                 |  |                            |
| Land and land improvements   | (126,478)                  | (3,147)                         |  | (129,625)                  |
| Buildings and improvements   | (4,306,483)                | (96,139)                        |  | (4,402,622)                |
| Equipment  | (668,755)                  | (8,798)                         |  | (677,553)                  |
| <b>TOTAL ACCUMULATED<br/>DEPRECIATION</b>                                  | <b>(5,101,716)</b>         | <b>(108,084)</b>                |  | <b>(5,209,800)</b>         |
| <b>TOTAL PROPERTY AND<br/>EQUIPMENT, NET</b>                               | <b>\$1,003,172</b>         | <b>\$59,507</b>                 | <b>(\$46,012)</b>                        | <b>\$1,016,667</b>         |

\*As of June 30, 2015, the District has recorded \$73,200 as construction-in-progress representing cost capitalized towards the purchase of land and construction of a rural health care clinic in Valley Springs California. Future costs to complete this project as of June 30, 2015 is approximately \$8,870,000.<sup>17</sup>

On September 28, 2015, subsequent to the financial year end, the District signed a "letter of Condition" with the United States Department of Agriculture (USDA) which therefore allows the District to continue in the process of finalizing the issuance of \$6,782,000 of debt borrowing for the USDA Rural Development's Community Facilities program. The proceeds from this forthcoming borrowing will be used to fund the construction of a new rural health care clinic in Valley Springs, California. Additional funding will be obtained from District operations (\$961,146) and from Mark Twain Medical Center (\$1,200,000) for a total project cost of \$8,943,146. The District's management anticipates issuance of this loan during Fiscal Year 2015-2016.<sup>18</sup>

<sup>16</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 15.

<sup>17</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 16.

<sup>18</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 16.

### **3.6 Mark Twain Medical Center (MTMC)**

#### **3.6.1 History of Mark Twain Medical Center<sup>19</sup>**

Discussions with the St Joseph's Medical Center in Stockton began in February 1986. An Affiliation Study Summary was developed in August 1986. The Sierra St. Joseph's HealthCare Corporation Board of Trustees was formed and the first meeting was on March 11, 1987. The above name was changed to Mark Twain St. Joseph's HealthCare Corporation and the first Articles of Incorporation were filed on March 18, 1987.

The Mark Twain Health Care District leases the land and buildings to the Mark Twain St. Joseph's HealthCare Corporation. This lease was effective January 1, 1990. The Mark Twain St. Joseph's HealthCare Corporation entered into a Management Agreement with Catholic Healthcare West effective September 20, 2001. Catholic Healthcare West changed its corporate name to Dignity Health in 2012. This management agreement expires December 31, 2019. Mark Twain St Joseph's Hospital Corporation changed its name to Mark Twain Medical Center in January 2013.

#### **3.6.2 Operation of Mark Twain Medical Center**

The Mark Twain Medical Center is operated by the Mark Twain Medical Center (MMTC), a separate 501c3 (nonprofit) corporation with a seven member Board of Directors composed as follows:

Two members are appointed by the Mark Twain Health Care District Board of Directors.

One community member to be appointed by the two members appointed by the Mark Twain Health Care District Board of Directors

One member is the Chief of Medicine at the Mark Twain Medical Center, an independent medical contractor. The MTMC bylaws provide that the chief of Medical Staff is *ex officio* as a member of the MTMC board.

Three members from Dignity Health per MMTC policy. As a matter of Dignity board policy, Dignity appears to appoint its own employees to the MTMC board, with at least one residing in the County.

MTMC exists by reason of its articles of incorporation and does not have a contract with Dignity. Since MTMC was created specifically to be the lessee of the lease of the hospital from the District, one presumes that upon termination of the lease MTMC would dissolve as its primary purpose would have been fulfilled notwithstanding an amendment to its articles and bylaws.

#### **3.6.3 Mission, Vision and Values for Mark Twain Medical Center<sup>20</sup>**

##### **A. Mark Twain Medical Center Mission**

<sup>19</sup> Mark Twain Health Care District, <http://marktwainhealthdistrict.org/about/>, August 17, 2016.

<sup>20</sup> <http://www.dignityhealth.org/marktwainmedical/community-benefits/community-benefit-215-and-2016-plan>, September 5, 2016.

The Mission Statement for the Mark Twain Medical Center is as follows:

*The mission of Mark Twain Medical Center is to improve the health of our greater community by providing quality health care services, exceeding the expectations of those we serve.*

**B. Mark Twain Medical Center Vision**

The Vision Statement for the Mark Twain Medical Center is as follows:

*To become one of the top 100 Critical Access Hospitals in the country through the achievement of our Pillars of Excellence.*

**C. Mark Twain Medical Center Values**

The Values for the Mark Twain Medical Center are as follows:

*We achieve the mission through our core values of dignity, collaboration, justice, stewardship and excellence, as are seen in the following principles:*

1. *Continuous improvement of the quality of care delivered*
2. *Access to care for all*
3. *Respect for the individual*
4. *Working with others towards common goals*
5. *Fostering a sense of family and community*
6. *Employee development and recognition*

**3.6.4 Mark Twain Medical Center Facilities and Programs<sup>21</sup>**

The following description of Mark Twain Medical Center facilities and programs is provided in the annual report:

*Mark Twain Medical Center (MTMC), founded in 1951, is located at 768 Mountain Ranch Road, San Andreas, CA. It became a member of Dignity Health, formerly Catholic Healthcare West (CHW), in 1996. The facility is a not-for-profit, 25-bed Critical Access Hospital serving all of Calaveras County, California. Over 300 employees provide the necessary services.*

*The hospital's services include 24-hour Emergency Services; Inpatient/Outpatient Surgery; Intensive Care Unit; Medical and Surgical Units; General X-ray, Ultrasound, Mammography, CT Scan, MRI and Nuclear Medicine; Respiratory Therapy Services; Cancer/Infusion Center; Orthopedic Center, Gastroenterology Center, Physical Therapy Services; Inpatient Skilled Rehabilitation; Full Service Clinical Lab; Cardiac & Pulmonary Rehabilitation; and Health Education.*

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<sup>21</sup> Mark Twain Medical Center Community Benefit Report FY2014 – Community Benefit Implementation Plan FY2015, pages 4-5.

*The hospital's affiliated medical staff provide Family Practice, Allergy, Alternative Medicine, Hematology, Internal Medicine, Pathology, Psychology, Pediatrics, Gastroenterology, Gynecology, Orthopedic Surgery, General Surgery, Oncology, Ophthalmology, Orthopedic Surgery, Urology, Podiatry, Allergy, Behavioral Health, Dermatology, Radiology, Anesthesiology, Neurology, Pain Management, Emergency Medicine, Cosmetic and Reconstructive Surgery, Cardiology and Pulmonary Medicine.*

*Access to care in the County is further supported by five MTMC'S Medical Centers located in Arnold, Angels Camp, Copperopolis, San Andreas, and Valley Springs. Services at these Ambulatory Centers include Immediate Care, Primary Care, Behavioral Health, Occupational Health, Pediatrics, General X-ray, Laboratory Draws and Health Education. Additionally, MTMC now also operates three Specialty Care Centers: in Angels Camp for Orthopedics and in San Andreas on the Medical Center campus for Cancer and Infusion Therapy, and Gastroenterology Specialty Care.*

*In the rural environment of our community, small business, agencies and the hospital partner to provide various events throughout the year that are focused on promoting the health of the community, enhancing quality of life for the residents and showcasing the unique history and natural wonders of our environment. Based on the prioritized health need of the community, a specific focus has been on Women's Health issues and primary care and prevention.*

*A Community Needs Assessment was conducted in 2014 in support of our stated mission - to improve the health of our greater community. The goal of the assessment is to continually improve the quality of health and health care for county residents by providing accurate and reliable information to community members and health care providers; raising awareness of health needs, changing trends, emerging issues, and community challenges; and providing research-based data for the hospital and the community to continue strategic planning efforts. The focus of the assessment is on health and the major factors that impact health such as the economy, public safety and the natural environment. Compared to the state and the nation, community issues identified in the assessment include a higher percentage of children in Calaveras County who are obese, rates of child immunizations are lower, and a motor vehicle accidents that are higher than the state averages.*

*To address two of the more prevalent chronic care needs of the community, MTMC will continue to focus on providing education and instruction for the Congestive Heart Failure/Chronic Obstructive Pulmonary Disease and Diabetes Education programs. The goal of these programs is to improve quality of life for participants by increasing their self-efficacy and avoiding hospital admissions.*

*During fiscal year 2014, there were over 29,000 person-visits that benefited from our community health programs. Highlights included*

*\$8,294,510 net benefit for programs and services for the vulnerable and \$435,191 for the broader community. The total value of community benefit for FY2014 is \$8,728.591 at cost. Including the shortfall from Medicare, the total expense for community benefits was \$16,675,635. Quantifiable Benefits included traditional charity care, unpaid costs of Medi-Cal and Medicare, community service donations, community health services and education, and community building activities.*

### **3.6.5 Future of Mark Twain Medical Center**

On December 31, 2019, the thirty year lease with the Mark Twain Medical Center expires. Discussions are being held to create a new lease. Any lease agreement will have to be approved by a vote of the electorate of Calaveras County as required by California State Law.

The following is part of a discussion reported on March 24, 2016:

*if no new contract is signed by the current contract's expiration date, any net assets of the Mark Twain Medical Center Corporation, which Executive Director Doss said are currently valued at \$37 million, would be divided equally between the Mark Twain Health Care District and Dignity Health, the Mark Twain Medical Center corporate board would dissolve and the health care district would then be charged with running the hospital.<sup>22</sup>*

*Carl Gerlach, a health care consultant hired by the District, gave a presentation in which he estimated the cost of operating the Mark Twain Medical Center in its first independent year.*

*"That's just informational background, there's no decision to do that, it just informs any possible decisions," Executive Director Doss said of potentially running the hospital independently.*

*Health Care Consultant Gerlach said that with the estimated \$1.2 million in the Health Care District reserve fund and the half of the approximate \$37 million of the Mark Twain Medical Center Corporation's net assets, minus a cash reserve, the District would have \$11.3 million to fund the hospital independently for the first year. But with expenditures of physician and management recruiting, information systems and new policies totaling \$9.1 million, with a contingency between \$1 million and 1.8 million, the budget may be stretched thin.*

*"I suspect they're pretty close," Executive Director Doss said of Gerlach's approximations. Gerlach compiled the data based off of other hospitals that previously had a lease with Dignity Health but didn't reach new agreements. "I think his numbers show that independence is possible, but not without some careful planning."*

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<sup>22</sup> [http://www.calaverasenterprise.com/news/article\\_dfc66044-f217-11e5-ab74-3731292c87bf.html](http://www.calaverasenterprise.com/news/article_dfc66044-f217-11e5-ab74-3731292c87bf.html), September 5, 2016.

*Health Care Consultant Gerlach's report did not include the money annually paid to Dignity Health by the Mark Twain Medical Center Corporation, which would essentially be saved.*

*"He may end up doing another report for us later on about that," said Executive Director Doss.<sup>23</sup>*

Discussion of the lease with Dignity Health was continued on August 24, 2016 as follows:<sup>24</sup>

*Mark Twain Health Care District directors Wednesday decided to continue exploring two different possible future paths for Mark Twain Medical Center: One in which they negotiate a new long-term lease with hospital operator Dignity Health, and another in which the district operates the 25-bed hospital independently.*

*The Board considered a proposal by Quorum Health to assess the finances, operations and staffing of the hospital and provide a report on the viability of operating it independently. But health district Executive Director Daymon Doss and board members said they'd like to see changes first in the contract, including the price.*

*Quorum's proposal set a \$175,000 fee. But Doss said he believes the work can be done for less, especially considering that the district has previously contracted for other reports that contain some of the relevant information.*

*Doss said that other details should also be changed, including provisions that would require arbitration of any disputes to take place in Tennessee, where Quorum is based, and that let Quorum off the hook for meeting a deadline. Doss said it is realistic to require the work to be done in 60-to-90 days.*

*The board voted unanimously to direct Doss and legal counsel Mike Dean to negotiate changes to the contract and bring it back for consideration at the board's next regular meeting on Aug. 24.*

*The taxpayer-funded district owns the hospital in San Andreas but leases it to Dignity Health under the terms of a 30-year agreement that expires at the end of 2019. If the two entities decide to go separate ways then the district gets to keep the hospital and the two split any remaining value in the hospital operations. Both board members and members of the audience at Wednesday's meeting say they see an ominous trend in hospital finances.*

*"What I am concerned about is the performance of the hospital," said Dr. Randy Smart, a member of the Health Care District Board of Directors. "This shows that over the past year, this Board and the hospital lost \$2.8 million. I don't understand why we have poor financial performance."*

<sup>23</sup> [http://www.calaverasenterprise.com/news/article\\_dfc66044-f217-11e5-ab74-3731292c87bf.html](http://www.calaverasenterprise.com/news/article_dfc66044-f217-11e5-ab74-3731292c87bf.html), September 5, 2016.

<sup>24</sup> [http://www.calaverasenterprise.com/news/article\\_3cb66580-5aa3-11e6-90b2-ebb9084f6dc5.html](http://www.calaverasenterprise.com/news/article_3cb66580-5aa3-11e6-90b2-ebb9084f6dc5.html), September 20, 2016.

*The report said, “Year to date, (the district’s) minority interest in Mark Twain Medical Center has decreased by \$2,837,242, which is the district share of the \$5,674,544 of losses from operations and investments of the medical center. This is a 14 percent decrease in the district’s minority interest for the year.”*

*“We are seeing the loss statement increase,” Jones said of the district’s interest in the hospital’s finances. “We are concerned that at the end of 2019, there won’t be anything left.”*

*The situation is complex. The health care district owns the land and leases the hospital to Dignity Health. But Mark Twain Medical Center Corporation, which also has a board, is the local Dignity Health affiliate that operates the hospital. Two members of the health care district board also sit on the Mark Twain Medical Center Corporation board.*

*Smart asked those board members for an explanation of the hospital’s poor financial performance.*

*Ken McInturf, who serves on both boards, said, “We feel we are being over-assessed for technology,” referring to charges Dignity Health bills to the Mark Twain Medical Center Corporation.*

*Lin Reed, who is also on both boards, said, “The corporate allocations have increased. We also have lower performance in the clinics.”*

*That was confirmed by Chris Roberts, the chief financial officer for Mark Twain Medical Center, who was also present at the meeting. “The nine clinics out there, each of them is contributing losses to the hospital,” he said.*

*Smart said that Mark Twain Medical Center has every opportunity to do better. “There is no other hospital in Calaveras County and our market share (for medical services) is 30 percent. I totally don’t understand that.”*

*McInturf agreed. “We are losing money in the clinics and we shouldn’t be.”*

*Bob Diehl, who just began working as the Mark Twain Medical Center president this summer, said later in the meeting that he and other managers are addressing productivity issues. In some cases, that means that the hospital was paying for more staff than needed given patient loads on particular days in particular departments or clinics. “We are overhauling the way clinics work on a fiscal basis,” he said.*

*Diehl also said in an interview after the meeting that Mark Twain Medical Center, like hospitals across the nation, was squeezed in the past year by changes brought on by the Affordable Care Act.*

*Firman Brown of Angels Camp, who ran unsuccessfully for the health care district board earlier this year, said the clinics’ problems have local roots. “These clinics are dropping because you are not listening to the public.”*

*Jones said the Mark Twain Medical Clinics are so slow to process information when patients check in that he finds it faster to drive his four*



*children to appointments in Tuolumne County. "I can get in and out much quicker."*

*Meanwhile, health care district directors could soon have even more options to consider for the future of the hospital. An exclusivity and nondisclosure agreement between the district and Mark Twain Medical Center expires on Aug. 8, Doss said. After that, the district will be free to seek other entities besides Dignity Health as prospective managers for the hospital.<sup>25</sup>*

### **3.7 Mark Twain Medical Center Foundation<sup>26</sup>**

#### **3.7.1 History of Mark Twain Medical Center Foundation**

Most community hospitals have a volunteer foundation to help raise funds for the hospital and the Mark Twain Medical Center is no exception. The Mark Twain Medical Center Foundation is a non-profit fundraising organization created by a caring community to help support its local hospital. In 1982, a concerned and dedicated Calaveras County community recognized the need and started organizing the first Hospital Foundation. In 1984, it became a reality and within two years, the Foundation raised funds to purchase and install the first mammography equipment in Calaveras County. Since then, the Foundation has been instrumental in acquiring various equipment, updating patient care rooms, and donating several million dollars to the expansion of the Hospital. They are currently completing a \$2.3 million campaign to fund the new Angels Camp Medical Center.

#### **3.7.2 Mark Twain Medical Center Foundation Staff and Directors**

The Mark Twain Medical Center Foundation staff and directors are shown below.<sup>27</sup>

Foundation President: Greg Jordan of Angels Camp

Foundation Secretary / Treasurer:

Dr. Andrea Sullivan of Bear Valley, RDH, DC, CCSP

Foundation Directors

1. Larry Cornish of Murphys
2. Janet Cuslidge of Angels Camp
3. Matthew Hatcher of Murphys
4. Ruth Huffman of Angels Camp
5. Sal LoFranco of Angels Camp
6. John I. Maurer, M.D., of Angels Camp
7. Ken McInturf of San Andreas
8. Brad Ostrov of Angels Camp

Foundation Executive Director:

Peggy H. Lucas Phone: 209.754.2603  
768 Mountain Ranch Road, San Andreas, CA 95249

<sup>25</sup> Clarification of the facts may be in order contained in this article. LAFCo has not independently verified the facts contained in the discussion of August 24, 2016 as reported in the Calaveras Enterprise.

<sup>26</sup> Mark Twain Health Care District, <http://marktwainhealthdistrict.org/wp-content/uploads/2012/08/MTHCD-Annual-Report-2015.pdf>, August 17, 2016.

<sup>27</sup> <https://www.supportmarktwain.org/about-us/foundation-board-of-directors>, September 5, 2016.

#### **4 MARK TWAIN HEALTH CARE DISTRICT MUNICIPAL SERVICE REVIEW**

##### **4.1 Growth and Population Projections for the Mark Twain Health Care District Area<sup>28</sup>**

**Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.**

###### **4.1.1 Mark Twain Health Care District Area Population Projections**

Slow growth is expected for Calaveras County with the population remaining about 45,000. The population in Calaveras County is older than the State of California with 25.9 % over 65 in Calaveras County compared with 13.3 % over 65 for the State as a whole. The County also has a greater percentage of people under age 65 with a disability (14.1%) compared to the State (6.7%).<sup>29</sup>

The population is spread out between 17 census designated places and the City of Angels Camp.

###### **4.1.2 MSR Determinations on Growth and Population Projections for the Mark Twain Health Care District Area**

- 1-1) Population growth is expected to be slow in Calaveras County.

##### **4.2 Location and Characteristics of any Disadvantaged Unincorporated Communities (DUC) within or Contiguous to Mark Twain Health Care District<sup>30</sup>**

**Purpose: To comply with the State Law to examine any unincorporated areas which could be provided with better services by annexing to an adjacent city.**

###### **4.2.1 Determination of Mark Twain Health Care District Area Disadvantaged Unincorporated Community Status**

SB 244 requires LAFCOs to consider disadvantaged unincorporated communities when developing spheres of influence. Upon the next update of a sphere of influence on or after July 1, 2012, SB 244 requires LAFCo to include in an MSR (in preparation of a sphere of influence update):

- 1) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere; and
- 2) The present and planned capacity of public facilities, adequacy of public services and infrastructure needs or deficiencies including needs or deficiencies

<sup>28</sup> California Government Code Section 56430. (a) (1)

<sup>29</sup> <http://www.census.gov/quickfacts/table/PST045215/06009.06>, September 20, 2016.

<sup>30</sup> California Government Code Section 56430. (a) (2)

related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated community within or contiguous to the sphere of influence.

In determining spheres of influence, SB 244 authorizes LAFCo to assess the feasibility of and recommend reorganization and consolidation of local agencies to further orderly development and improve the efficiency and affordability of infrastructure and service delivery.

The Median Household Income for Calaveras County is \$54,936. The Median Household Income for California is \$61,489. The Calaveras Median Household Income, while lower than the State as a whole, is higher than 80% of the State Median Income (\$49,191).<sup>31</sup>

#### **4.2.2 MSR Determinations on Disadvantaged Unincorporated Communities near Mark Twain Health Care District**

- 2-1) It is not necessary to make a determination on DUC status because the Mark Twain Health Care District does not supply sewer, water or fire protection services.

### **4.3 Capacity and Infrastructure**

***Purpose: To evaluate the 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.***<sup>32</sup>

#### **4.3.1 Infrastructure**

The Mark Twain Health Care District one hundred percent of the Mark Twain Medical Center and leases part of the San Andreas Medical and Professional Office Building (SAMPO). The infrastructure by itself is not useful without the contract for services. The District is in the process of negotiating a new contract for operation of the Mark Twain Medical Center and the new contract will have to be approved by the voters of the District.

#### **4.3.2 MSR Determinations on Infrastructure for Mark Twain Health Care District**

- 3-1) The District is in the process of negotiating a new contract for operation of the Mark Twain Medical Center and the new contract will have to be approved by the voters of the District.

<sup>31</sup> <http://www.census.gov/quickfacts/table/PST045215/06009.06>, September 20, 2016.

<sup>32</sup> California Government Code Section 56430. (a)(3).

#### **4.4 Financial Ability to Provide Services**<sup>33</sup>

**Purpose: To evaluate factors that affect the financing of needed improvements and to identify practices or opportunities that may help eliminate unnecessary costs without decreasing service levels.**

##### **4.4.1 Financial Considerations for Mark Twain Health Care District**

The Budget and Audit for the Mark Twain Health Care District are on the District's website and are shown above in this report.

##### **4.4.2 MSR Determinations on Financing for Mark Twain Health Care District**

- 4-1) The funds for operation of the Mark Twain Health Care District are minimal compared to the cost of operating the Mark Twain Medical Center.
- 4-2) The most important task for the District at this time is to negotiate a new contract for the operation of the Mark Twain Medical Center which must be approved by the voters prior to December 31, 2019.
- 4-3) The District supports health education through various programs such as the Health Fair, Respite Care, Pink in the Night, Education Forums, Golden Health Awards (5 nominees receive \$5,000, the award winner an additional \$5,000), Elder Abuse Awareness, High School Scholarships and the Chronic Disease Management Program (\$25,000 to the County Health and Human Services Agency.)

#### **4.5 Status of and Opportunities for Shared Facilities**<sup>34</sup>

**Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.**

##### **4.5.1 Facilities**

The main facility owned by the Mark Twain Health Care District is the Mark Twain Medical Center. Once the District has a new contract in place for operation of the Mark Twain Medical Center, the District will be able to coordinate additional services with other districts in the County that are also involved in health care services such as schools, fire protection districts and the County Human Services Agency.

The District website shows partnerships with the following:<sup>35</sup>

Association of California Healthcare Districts  
Blue Mountain Coalition for Youth and Families

<sup>33</sup> California Government Code Section 56430. (a)(4)

<sup>34</sup> California Government Code Section 56430. (a)(5)

<sup>35</sup> Mark Twain Health Care District, <http://marktwainhealthdistrict.org/partnerships/>, October 3, 2016.

California Special Districts Association  
Calaveras County Public Health Department  
Gardens to Grow In-Calaveras/Amador  
Calaveras Youth Mentoring Program  
Calaveras Senior Center  
Hospice of Amador and Calaveras  
Mark Twain Medical Center  
Mark Twain Medical Center Foundation  
Mind Matters  
Resource Connection of Calaveras  
Volunteer Center of Calaveras

#### **4.5.2 MSR Determinations on Shared Facilities for Mark Twain Health Care District**

- 5-1) The Mark Twain Medical Center is the primary facility owned by the Mark Twain Health Care District.
- 5-2) The Mark Twain Health Care District is in the process of developing a new contract for operation of the Mark Twain Medical Center. Any contract must be approved by the voters prior to December 31, 2019.
- 5-3) The Mark Twain Health Care District cooperates with and supports other agencies as much as possible.

#### **4.6 Accountability for Community Service Needs, Government Structure and Operational Efficiencies<sup>36</sup>**

***Purpose: To consider the advantages and disadvantages of various government structures that could provide public services, to evaluate the management capabilities of the organization and to evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.***

##### **4.6.1 Government Structure**

The Board of Directors for the Mark Twain Health Care District has public meetings and meets the provisions of the Brown Act. The five members of the Board are elected for four year terms.

The seven member Board of Directors for the Mark Twain Hospital Corporation may be more confusing to the general public because this Board is made up of members from the Mark Twain Health Care District Board, a member of the public, and representatives from Dignity Health. This Board is only in existence until the expiration of the Contract with Dignity Health in December 2019.

<sup>36</sup> California Government Code Section 56430. (a)(6).

There is also a Mark Twain Medical Center Foundation with a nine member Board of Directors. This is an independent nonprofit organization to raise private money for the Mark Twain Medical Center.

The Audit notes that the District is subject to laws and regulations regarding licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Government activity has increased with respect to possible violations of statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with all applicable government laws and regulations and is not aware of any future actions or unasserted claims at this time.<sup>37</sup>

#### **4.6.2 MSR Determinations on Local Accountability and Governance**

- 6-1) The Directors for the Mark Twain Health Care District are elected by the voters of Calaveras County.
- 6-2) The Board of Directors for the Mark Twain Health Care District have regular meetings and maintain a website with information about the District.

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<sup>37</sup> Audited Financial Statements MARK TWAIN HEALTH CARE DISTRICT, June 30, 2015, Prepared by JWT and Associates, LLP, 1111 East Herndon Avenue, Suite 211, Fresno, CA 93720, Voice: 559-431-7708, Fax: 559-431-7685, Email: [rjctcpa@aol.com](mailto:rjctcpa@aol.com), Page 16.

## **5 MARK TWAIN HEALTH CARE DISTRICT SPHERE OF INFLUENCE UPDATE**

### **5.1 SOI Requirements**

#### **5.1.1 LAFCO's Responsibilities**

This Sphere of Influence (SOI) has been prepared for the Calaveras Local Agency Formation Commission (Calaveras LAFCo). Local Agency Formation Commissions are quasi-legislative local agencies created in 1963 to assist the State in encouraging the orderly development and formation of local agencies. This SOI consists of a review of service as provided by the Mark Twain Health Care District and the District Boundary.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) is the statutory authority for the preparation of an MSR, and periodic updates of the Sphere of Influence of each local agency. A Sphere of Influence is a plan for the probable physical boundaries and service area of a local agency, as determined by the affected Local Agency Formation Commission (Government Code §56076). Government Code §56425(f) requires that each Sphere of Influence be updated not less than every five years, and §56430 provides that a Municipal Service Review shall be conducted in advance of the Sphere of Influence update.

#### **5.1.2 SOI Determinations**

In determining the Sphere of Influence for each local agency, LAFCo must consider and prepare a statement of determinations with respect to each of the following:

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 which 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. The existence of disadvantaged unincorporated communities.

#### **5.1.3 Possible Approaches to the SOI**

LAFCo may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. Based on review of the guidelines of Calaveras LAFCo as well as other LAFCos in the State, various conceptual approaches have been identified from which to choose in designating an SOI. These seven approaches are explained below:

1) Coterminous Sphere:

The sphere for a city or special district that is the same as its existing boundaries.

2) Annexable Sphere:

A sphere larger than the agency's boundaries identifies areas the agency is expected to annex. The annexable area is outside its boundaries and inside the sphere.

3) Detachable Sphere:

A sphere that is smaller than the agency's boundaries identifies areas the agency is expected to detach. The detachable area is the area within the agency bounds but not within its sphere.

4) Zero Sphere:

A zero sphere indicates the affected agency's public service functions should be reassigned to another agency and the agency should be dissolved or combined with one or more other agencies.

5) Consolidated Sphere:

A consolidated sphere includes two or more local agencies and indicates the agencies should be consolidated into one agency.

6) Limited Service Sphere:

A limited service sphere is the territory included within the SOI of a multi-service provider agency that is also within the boundary of a limited purpose district which provides the same service (e.g., fire protection), but not all needed services. Territory designated as a limited service SOI may be considered for annexation to the limited purpose agency without detachment from the multi-service provider.

This type of SOI is generally adopted when the following four conditions exist:

- a) The limited service provider is providing adequate, cost effective and efficient services
- b) The multi-service agency is the most logical provider of the other services
- c) There is no feasible or logical SOI alternative, and
- d) Inclusion of the territory is in the best interests of local government organization and structure in the area

Government Code §56001 specifically recognizes that in rural areas it may be appropriate to establish limited purpose agencies to serve an area rather than a single service provider, if multiple limited purpose agencies are better able to provide efficient services to an area rather than one service district.

Moreover, Government Code Section §56425(i), governing sphere determinations, also authorizes a sphere for less than all of the services provided by a district by requiring a district affected by a sphere action to "establish the nature, location, and extent of any functions of classes of services provided by existing districts" recognizing that more than one district may serve an area and that a given district may provide less than its full range of services in an area.



7) Sphere Planning Area:

LAFCo may choose to designate a sphere planning area to signal that it anticipates expanding an agency's SOI in the future to include territory not yet within its official SOI.

**5.1.4 SOI Update Process**

LAFCo is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCo must update those SOIs every five years, as necessary. In updating the SOI, LAFCo is required to conduct a Municipal Service Review (MSR) and adopt related determinations.

LAFCo must notify affected agencies 21 days before holding a public hearing to consider the SOI and may not update the SOI until that hearing is closed. The LAFCo Executive Officer must issue a report including recommendations on the SOI amendment and update under consideration at least five days before the public hearing.

**5.1.5 SOI Amendments and CEQA**

LAFCo has the discretion to limit SOI updates to those that it may process without unnecessarily delaying the SOI update process or without requiring its funding agencies to bear the costs of environmental studies associated with SOI expansions. Any local agency or individual may file a request for an SOI amendment. The request must state the nature of and reasons for the proposed amendment, and provide a map depicting the proposal.

LAFCo may require the requester to pay a fee to cover LAFCo costs, including the costs of appropriate environmental review under CEQA. LAFCo may elect to serve as lead agency for such a review, may designate the proposing agency as lead agency, or both the local agency and LAFCo may serve as co-lead agencies for purposes of an SOI amendment. Local agencies are encouraged to consult with LAFCo staff early in the process regarding the most appropriate approach for the particular SOI amendment under consideration.

Certain types of SOI amendments are usually exempt from CEQA review. Examples are SOI expansions that include territory already within the bounds or service area of an agency, SOI reductions, and zero SOIs. SOI expansions for limited purpose agencies that provide services (e.g., fire protection, levee protection, cemetery, and resource conservation) needed by both rural and urban areas are typically not considered growth-inducing and are likely exempt from CEQA. Similarly, SOI expansions for districts serving rural areas (e.g., irrigation water) are typically not considered growth-inducing.

Remy et al. write

*In City of Agoura Hills v. Local Agency Formation Commission (2d Dist.1988) 198 Cal.App.3d480, 493-496 [243 Cal.Rptr.740] (City of Agoura Hills), the court held that a LAFCO’s decision to approve a city’s sphere of influence that in most respects was coterminous with the city’s existing municipal boundaries was not a “project” because such action did not entail any potential effects on the physical environment.<sup>38</sup>*

### **5.1.6 Recommendation for Mark Twain Health Care District Sphere of Influence**

The Mark Twain Health Care District includes all of Calaveras County. This is a suitable boundary for the District. The recommendation for the Mark Twain Health Care District SOI is that the SOI be the same as the District boundary.

## **5.2 Present and Planned Land Uses in the Mark Twain Health Care District Area, Including Agricultural and Open Space Lands<sup>39</sup>**

### **5.2.1 Calaveras County General Plan and Zoning for Mark Twain Health Care District SOI Area**

The Calaveras County General Plan and Zoning cover the entire area of the Mark Twain Health Care District SOI. The General Plan and Zoning recognize the various communities in the County and provide for appropriate land uses. Except for the City of Angels Camp, the County is the land use authority for all land within the District.

### **5.2.2 SOI Determinations on Present and Planned Land Use for Mark Twain Health Care District Area**

1-1] The Mark Twain Health Care District will help to maintain property values in Calaveras County by maintaining appropriate medical facilities for the County.

## **5.3 Present and Probable Need for Public Facilities and Services in the Mark Twain Health Care District Area<sup>40</sup>**

### **5.3.1 Municipal Service Background**

There will be an on-going need for medical facilities in Calaveras County. History has shown that local support for medical care providers is needed in order to have the providers locate in a rural area.

<sup>38</sup> Remy, Michael H., Tina A. Thomas, James G. Moose, Whitman F. Manley, Guide to CEQA, Solano Press Books, Point Arena, CA, February 2007, page 111.

<sup>39</sup> California Government Code Section 56425 (e)(1)

<sup>40</sup> California Government Code Section 56425 (e)(2)

**5.3.2 SOI Determinations on Facilities and Services Present and Probable Need for Mark Twain Health Care District**

- 2-1] There is a present and on-going need for the Mark Twain Medical Center and other facilities and programs provided by the Mark Twain Health Care District.
- 2-2] It is planned that the District will be able to negotiate a new contract with a medical service provider and have the contract approved by a public vote in a timely manner.

**5.4 Present Capacity of Public Facilities Present and Adequacy of Public Services<sup>41</sup>**

**5.4.1 Capacity Background**

Health care services are costly and subject to many State and Federal regulations. The capacity of the facilities and the capacity of the staff provided both need to be considered. The provision of health care services in a rural area is even more difficult.

**5.4.2 SOI Determinations on Public Facilities Present and Future Capacity for Mark Twain Health Care District**

- 3-1] Once the Mark Twain Health Care District is able to negotiate a new contract and the contract is approved by the voters, the provision of medical services will be assured in Calaveras County.

**5.5 Social or Economic Communities of Interest for Mark Twain Health Care District<sup>42</sup>**

**5.5.1 Mark Twain Health Care District Community Background**

Calaveras County has many separate communities but there is an overall County spirit. Health care needs may be difficult to meet in a rural area and thus they may be neglected until they are more expensive and serious to treat. Not all residents have the resources to travel outside the County for medical care. Providers may have to deal with fewer insured patients than they would in a more urban area.

<sup>41</sup> California Government Code Section 56425 (e)(3)

<sup>42</sup> California Government Code Section 56425 (e)(4)

**5.5.2 SOI Determinations on Social or Economic Communities of Interest for Mark Twain Health Care District**

- 4-1] All residents of the County have an interest in the local provision of medical and health care services.

**5.6 Disadvantaged Unincorporated Community Status<sup>43</sup>**

**5.6.1 Disadvantaged Unincorporated Communities**

SB 244 requires LAFCOs to consider disadvantaged unincorporated communities when developing spheres of influence. Upon the next update of a sphere of influence on or after July 1, 2012, SB 244 requires LAFCo to include in an MSR (in preparation of a sphere of influence update):

- 1) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere; and
- 2) The 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 community within or contiguous to the sphere of influence.

In determining spheres of influence, SB 244 authorizes LAFCo to assess the feasibility of and recommend reorganization and consolidation of local agencies to further orderly development and improve the efficiency and affordability of infrastructure and service delivery.

The Median Household Income for Calaveras County is \$54,936. The Median Household Income for California is \$61,489. The Calaveras Median Household Income, while lower than the State as a whole, is higher than 80% of the State Median Income (\$49,191).<sup>44</sup>

**5.6.2 SOI Determinations on Mark Twain Health Care District Disadvantaged Unincorporated Community Status**

- 5-1] It is not necessary to make a determination on DUC status because the Mark Twain Health Care District does not supply sewer, water or fire protection services.

<sup>43</sup> California Government Code Section 56425 (e)(5)

<sup>44</sup> [http://www.census.gov/quickfacts/table/PST045215/06009\\_06](http://www.census.gov/quickfacts/table/PST045215/06009_06), September 20, 2016.

**ABBREVIATIONS**

|                    |  |
|--------------------|--|
| <b>AB</b>          | Assembly Bill  |
| <b>ACHD</b>        | Association of California Hospital Districts, Inc.                 |
| <b>CAH</b>         | Critical Access Hospital   |
| <b>CEQA</b>        | California Environmental Quality Act                               |
| <b>CFD</b>         | Mello-Roos Community Facilities District                           |
| <b>CHDP</b>        | Child Health and Disability Prevention                             |
| <b>CHFFA</b>       | California Health Facilities Financing Authority                   |
| <b>CKH</b>         | Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 |
| <b>Corporation</b> | Mark Twain Medical Center  |
| <b>County</b>      | Calaveras County   |
| <b>District</b>    | Mark Twain Health Care District                                    |
| <b>DUC</b>         | Disadvantaged Unincorporated Community                             |
| <b>Foundation</b>  | Mark Twain Medical Center Foundation                               |
| <b>HIPAA</b>       | Health Insurance Portability and Accountability Act                |
| <b>HCD</b>         | Health Care District   |
| <b>LAFCO</b>       | Local Agency Formation Commission                                  |
| <b>MOB</b>         | Medical Office Building  |
| <b>MSR</b>         | Municipal Service Review (LAFCO)                                   |
| <b>MTHCD</b>       | Mark Twain Health Care District                                    |
| <b>MTMC</b>        | Mark Twain Medical Center  |
| <b>OPR</b>         | Office of Planning and Research (California)                       |
| <b>SAMPO</b>       | San Andreas Medical and Professional Office Building               |
| <b>SOI</b>         | Sphere of Influence (LAFCO)  |
| <b>USDA</b>        | United States Department of Agriculture                            |

## DEFINITIONS

**Bond:** An interest-bearing promise to pay a stipulated sum of money, with the principal amount due on a specific date. Funds raised through the sale of bonds can be used for various public purposes.

**California Environmental Quality Act (CEQA):** A State Law requiring State and local agencies to regulate activities with consideration for environmental protection. If a proposed activity has the potential for a significant adverse environmental impact, an environmental impact report (EIR) must be prepared and certified as to its adequacy before taking action on the proposed project.

**Local Agency Formation Commission (LAFCO):** A five-or seven-member commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexation to special districts or cities, consolidation of districts, and merger of districts with cities. Each county's LAFCO is empowered to approve, disapprove, or conditionally approve such proposals. The LAFCO members generally include two county supervisors, two city council members, and one member representing the general public. Some LAFCOs include two representatives of special districts.

**HIPAA:** Health Insurance Portability and Accountability Act, a 1996 Federal law that restricts access to individuals' private medical information.

**Medi-Cal:** The California Medical Assistance Program (Medi-Cal or MediCal) is the name of the California Medicaid welfare program serving low-income individuals, including but not limited to: families, seniors, persons with disabilities, children in foster care, pregnant women, and childless adults with incomes below 138% of federal poverty level.<sup>45</sup>

**Medicare:**<sup>46</sup> Medicare is health insurance for the following:

People 65 or older

People under 65 with certain disabilities

People of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant)

**Proposition 13:** (Article XIII A of the California Constitution) Passed in 1978, this proposition enacted sweeping changes to the California property tax system. Under Proposition 13, property taxes cannot exceed 1% of the value of the property and assessed valuations cannot increase by more than 2% per year. Property is subject to reassessment when there is a transfer of ownership or improvements are made.<sup>47</sup>

**Proposition 218:** (Article XIII D of the California Constitution) This proposition, named "The Right to Vote on Taxes Act", filled some of the perceived loopholes of Proposition 13. Under Proposition 218, assessments may only increase with a two-thirds majority vote of the qualified voters within the District. In addition to the two-thirds voter approval requirement, Proposition 218 states that effective July 1, 1997, any assessments levied may not be more than the costs necessary to provide the service, proceeds may not be used for any other purpose other than providing the services intended, and assessments may only be levied for services that are immediately available to property owners.<sup>48</sup>

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<sup>45</sup> <https://www.bing.com/search?q=medi-cal+definition&form=EDGHPC&q=AS&cvid=73e8ca5b4e0448a1b95e077c7a0ca020&pq=medi-cal+definition>, September 27, 2016.

<sup>46</sup> <http://www.medicare.gov/navigation/medicare-basics/medicare-benefits/medicare-benefits-overview.aspx>, June 21, 2011.

<sup>47</sup> [http://www.californiataxdata.com/A\\_Free\\_Resources/glossary\\_PS.asp#ps\\_08](http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08)

<sup>48</sup> [http://www.californiataxdata.com/A\\_Free\\_Resources/glossary\\_PS.asp#ps\\_08](http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08)

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**Calaveras Local Agency Formation Commission**  
**Mark Twain Healthcare District**

