

Date of Hearing: May 3, 2017

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Cecilia Aguiar-Curry, Chair
AB 545 (Bigelow) – As Introduced February 13, 2017

SUBJECT: Joint powers agreements: County of El Dorado: nonprofit hospitals.

SUMMARY: Authorizes a private, nonprofit hospital in El Dorado County to enter into a joint powers agreement with a public agency. Specifically, **this bill:**

- 1) Authorizes a private, nonprofit hospital in El Dorado County to enter into a joint powers agreement with a public agency, as defined in existing law governing joint powers authorities (JPAs).
- 2) Prohibits nonprofit hospitals and public agencies participating in a joint powers agreement entered into pursuant to 1), above, from reducing or eliminating any emergency services as a result of that agreement without a public hearing by the JPA. The JPA must provide public notice of the hearing to the communities served by the JPA not less than 14 days prior to the hearing, and the notice must contain a description of the proposed reductions or changes.
- 3) Provides that this bill shall not be construed to grant any power to a nonprofit hospital that participates in an agreement authorized under this bill to levy any tax or assessment.
- 4) Provides that this bill shall not permit any entity, other than a nonprofit hospital corporation or a public agency, to participate as a party to an agreement authorized under this bill.
- 5) Finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances facing health care providers and nonprofit hospitals in El Dorado County.

EXISTING LAW:

- 1) Allows, pursuant to the Joint Exercise of Powers Act (JPA Act), two or more public agencies by agreement to jointly exercise any power common to the contracting parties, as specified, if authorized by their legislative or other governing bodies.
- 2) Authorizes private nonprofit hospitals in the counties of Contra Costa, Fresno, Kings, San Diego, Tulare and Tuolumne to enter into JPAs with public agencies.
- 3) Provides for the formation, powers, services and facilities, financing, and revenues of County Service Areas (CSAs) as a means to finance and provide needed public facilities and services to the residents and property owners of unincorporated areas.

FISCAL EFFECT: None

COMMENTS:

- 1) **Bill Summary.** This bill allows a private, nonprofit hospital in El Dorado County to enter into a joint powers agreement with a public agency. Nonprofit hospitals and public agencies

that participate in such an agreement must not reduce or eliminate any emergency services as a result of the agreement without a public hearing by the JPA. The JPA must provide public notice of the hearing to the communities served by the JPA at least 14 days before the hearing, and the notice must contain a description of the proposed reductions or changes.

This bill provides that it shall not be construed to grant any power to a nonprofit hospital that participates in an agreement to levy any tax or assessment, and shall not permit any entity, other than a nonprofit hospital corporation or a public agency, to participate as a party to an agreement.

This bill is sponsored by El Dorado County.

- 2) **Author's Statement.** According to the author, "This measure allows Marshall Medical Center and Barton Memorial Hospital to join their respective Emergency Medical Service joint powers agreements. By officially joining the JPA, each entity will be recognized as full partner. This is a common sense measure that will help out hard working medical organizations in my district."
- 3) **JPA's.** JPAs have existed in California for nearly 100 years, and were originally created to allow multiple local governments in a region to pool resources to meet common needs. The Act authorizes federal, state and local agencies to create and use a joint powers agreement, which is a legal document that allows the contracting parties to exercise powers that are common to all of the contracting parties. A joint powers agreement can be administered by one of the contracting agencies, or it can be carried out by a new, separate public entity called a joint powers authority (JPA).

Joint powers agreements are an attractive tool for local governments because they facilitate more efficient service provision through collaboration, and they allow local entities to issue bonds without voter ratification. Public officials have created about 700 JPAs statewide. There are a few, limited instances in JPA law allowing non-governmental entities to join a JPA with a public agency partner. Included among these are statutes allowing the formation of JPAs between private, nonprofit hospitals and public agencies for the following counties: Contra Costa, Kings, San Diego, Tulare and Tuolumne. The statutes providing this authority are nearly identical to the language in this bill.
- 4) **CSAs.** CSAs are the most common type of special district in California, with roughly 900 CSAs in existence statewide. A county board of supervisors always governs a CSA, which can provide any service that the county provides, or a higher level of service, to an unincorporated area. CSAs deliver additional, tailored county services to specific geographic areas. CSAs provide a wide range of services and facilities, including animal control, libraries, police protection, snow removal, weed abatement, and emergency medical services.
- 5) **El Dorado County.** El Dorado County has two CSAs that provide ambulance services. The County provides ambulance services in both CSAs through contracts with JPAs: the California Tahoe Emergency Services Operations Authority (Cal Tahoe), which Barton Memorial Hospital would like to join; and, the El Dorado County Emergency Services Authority (West Slope JPA), which Marshall Medical Center would like to join. Cal Tahoe was formed in 2001 under a contract with El Dorado County as a transport contractor for ambulance service to the Tahoe South Shore service area and parts of north-western Alpine

County. West Slope JPA formed in 1996 as a transport contractor for paramedic ambulance service to the Western Slope service area of El Dorado County.

According to an October 25, 2016, El Dorado County Board of Supervisors report, which approved making a formal request to the author to submit this bill, a "close and collaborative relationship between the hospitals within the county and the JPA's is essential for the efficient and effective delivery of ambulance services to the public." The report also noted that the county's Chief Administrative Officer discussed the proposal with the Health and Human Services Agency, Marshall Medical Center, Barton Memorial Hospital, and the JPA Executive Directors, all of whom supported the recommendation.

- 6) **Arguments in Support.** El Dorado County, sponsor of this measure, writes, "El Dorado County has two County Service Areas that are used to provide ambulance services to the region. The two hospitals in the county, Barton Memorial and Marshall Medical Center, have developed effective relationships with these emergency medical service entities, proving tremendously beneficial for the community. This measure is valuable for continuing this collaboration by authorizing these two hospitals to have voting seats on the boards of their respective JPAs and we fully support this measure."
- 7) **Arguments in Opposition.** None on file.
- 8) **Double-Referral.** This bill was heard in the Health Committee, where it passed on a 14-0 vote on March 28, 2017.

REGISTERED SUPPORT / OPPOSITION:

Support

El Dorado County [SPONSOR]
El Dorado County Fire Chiefs Association
Marshall Medical Center
South Tahoe Chamber of Commerce
Barton Healthcare System

Opposition

None on file

Analysis Prepared by: Angela Mapp / L. GOV. / (916) 319-3958