



San Diego County
Local Agency Formation Commission
 Regional Service Planning | Subdivision of the State of California

5b

AGENDA REPORT
 Business | Information

July 18, 2025

TO: Special Districts Advisory Committee

FROM: Michaela Peters, Analyst II
 Adam Wilson, LAFCO Consultant

SUBJECT: **Current Workplan Update on High Priority Project |
 Municipal Service Review on Healthcare Districts in San Diego County**

SUMMARY

The Special Districts Advisory Committee (“Committee”) will receive an update on the current adopted workplan focusing on one of San Diego LAFCO’s highest placed priorities involving a Municipal Service Review (MSR) on healthcare districts in San Diego County. The MSR will cover the four healthcare districts in San Diego County including: Fallbrook, Palomar, Grossmont, and Tri-City. The review will be divided into two parts and will encompass: an overarching analysis of the district’s services (macro report), followed by a detailed examination (micro report). The update is provided for information with an opportunity for Committee members to provide feedback to staff on interests and/or priorities on behalf of special districts in San Diego County.

BACKGROUND

**2025-2026 Adopted Workplan &
 MSR on Healthcare Districts**

San Diego LAFCO’s current fiscal year workplan includes 30 projects and is divided into two distinct categories – statutory and administrative – along with priority assignments set by the Commission. A scheduled MSR on the four healthcare districts in San Diego County comes in

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Special Districts Advisory Committee

July 18, 2025 Special Meeting

Agenda Item No. 5b | Current Workplan Update on Healthcare Districts MSR

as priority number two (1b) – returning from the prior fiscal year workplan – and covers LAFCO’s statutory responsibility to perform an independent review of each. The MSR will highlight Fallbrook; Palomar; Grossmont; and Tri-City. LAFCO retains discretion in determining the appropriate scope of each MSR by policy delegation to the Executive Officer. Nonetheless, all MSRs must meaningfully address the following statutory factors:

- Growth and Population Projections
- Present and Planned Service Capacities
- Adequacy of Services Relative to Community Needs
- Financial Standing
- Opportunities for Shared Facilities
- Accountability of Governmental Structure and Alternatives
- Any Other Factors Required by Local Policy
 - Environmental Justice (San Diego)

DISCUSSION

This item is for the Committee to receive an update on one of San Diego LAFCO’s highest placed priorities involving an MSR on the four healthcare districts in San Diego County. It follows Commission action in August 2023 to direct staff to regularly provide updates on the MSRs and in doing so provide opportunities in real-time for Commissioners, Committees, and the public to provide feedback on current and pending activities. The Committee will receive a verbal report by LAFCO staff analyst Michaela Peters.

Healthcare Districts MSR

Project Manager Michaela Peters

LAFCO Consultant Adam Wilson

The MSR is service-specific, covering all four healthcare districts in San Diego County—Fallbrook, Grossmont, Palomar, and Tri-City—and is organized into two phases. The first, currently underway, is a macro-level assessment of each district’s core services, including capacity, demand, performance, and alignment with industry standards. This phase follows LAFCO’s standard MSR format, with profiles detailing each district’s background, boundaries, demographics, governance, services, and finances. LAFCO staff is responsible for preparing the majority of the report, with the exception of contracted technical work performed by Progressive Healthcare and specifically to provide expert analysis on service delivery.

Since the Committee last received an update, Progressive Healthcare has finalized its report with findings and recommendations. The report is currently under internal review by LAFCO staff for incorporation into the draft MSR. Preliminary findings highlight financial constraints for certain districts—particularly in maintaining competitiveness with private healthcare providers. Completion of the draft macro report is tentatively scheduled for October 2025. Following Commission review and adoption, a second phase—involving a micro-level review—will follow as an addendum, focusing on local community needs and the evolving role of each healthcare district in meeting those needs.

Notably, and in parallel with the MSR process, Assembly Bill 356 – introduced by Assemblymember Patel – proposes the formation of a State-led working group to address healthcare challenges specific to North County. The working group is required to report its findings to the Legislature by June 1, 2026. Palomar has formally opposed the bill, citing overlap with LAFCO’s MSR. At its June 2025 meeting, the LAFCO Commission voted to support the bill, while formally requesting an amendment to include San Diego LAFCO in the working group. The bill has since been amended to include San Diego LAFCO.

ANALYSIS

None.

RECOMMENDATION

This item is presented to the Committee for information and possible discussion.

ALTERNATIVES FOR ACTION

None.

PROCEDURES FOR CONSIDERATION

This item has been placed on the Committee’s agenda for information as part of the business calendar. The following procedures are recommended:

- 1) Receive verbal presentation from staff unless waived.
- 2) Invite comments from interested audience members if any.
- 3) Discuss and provide general feedback as needed.

On behalf of staff,



Michaela Peters
Analyst II

Attachments: None

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