

MENDOCINO COAST HEALTH CARE DISTRICT  
775 RIVER DRIVE, FORT BRAGG 95437

MEMORANDUM

TO: MCHCD Board of Directors

FROM: Paul Garza, Jr.

DATE: JUNE 27, 2024

SUBJECT: Monthly Report

GRAND JURY REPORT

The District received a report from the Mendocino County Civilian Grand Jury dated June 11, 2024. The report is based upon their investigation of the Health Care District over the past several months and is entitled "Sick, but Returning to Health". The report highlights a series of recommendations for continuing improvement but also recognizes the substantial positive gains made in the functioning of the District. Among these are our greatly improved financial status and transparency, a strong endorsement of our contractual relationship with Regional Government Services to manage the District, and our progress toward addressing many of their stated concerns. We are required to submit a response to the report and its recommendations within 90 days. I am grateful to the Grand Jury for their work and intend to appoint an Ad Hoc to further study the recommendations, compose the required response, and bring a draft of that response to the Board for further discussion.

FINANCIAL STATUS

Having made very significant progress in gaining control of the District's finances over the last three months, I am happy to report that the District will have the resources to accomplish the deferred maintenance documented by Adventist Health's report to us last month, the seismic retrofit required by the State of California and, in addition, make other modifications that modernize our hospital facilities.

This is good news for the taxpayers of our District and means that we will not require a new bond to enact the required maintenance and seismic retrofit. More details will be available in the report by CFO Wayne Allen but in brief summary, the District will accrue over \$41 Million between 2024 and 2030. The current estimate for the work needed/required provided by our architectural firm is approximately \$34 Million. While these numbers may change somewhat, collectively it provides the confidence that the District can succeed at maintaining and even upgrading our hospital in the near term without any additional taxpayer support from our residents.

Assuming acceptance of the Letter of Engagement from our audit firm at this meeting, the District may have audits completed for fiscal years 2021, 2022 and 2023 as early as July 30, 2024.

I want to highlight that because of the work done by Wayne Allen and Kathy Wylie to consolidate our bank accounts and to develop an appropriate investment policy, last month we earned \$41,000 in interest and paid no banking fees.

Finally, our attorney has advised us that the District should not be offering a \$600 per month flexible healthcare benefit. His very strong advice is to terminate this benefit at the end of the term of the current Board.

#### COMMUNITY ENGAGEMENT

The District received highly positive responses to our Community Health Forum on May 30 at the Fort Bragg Town Hall, including press coverage in the Fort Bragg Advocate. A summary of the findings from the report "Preserving and Protecting Accessible Health Care on the Coast" was presented by Leigh Pierre-Otoker from the California Center for Rural Policy, Cal-Poly Humboldt. A panel of local experts commented upon the report. They included: Dr. William Miller, Chief of Medicine, Adventist Coast Hospital, Chief Neil Cervanka, Chief of Police, City of Fort Bragg, Ms. Jessica Curl Rose, Three Springs Clinic, Ms. Lucresha Renteria, Executive Director, Mendocino Coast Clinic, and Ron Nadeau, Spirit House.

I was invited by the Mendocino Rotary Club to be their guest speaker at their most recent meeting on June 13. I was able to talk about good news the District has to share with its residents and the response was very favorable.

On June 21, I was part of the panel before the Realtors Association that included Dr. William Miller from Adventist, Terry Ramos, Chair of the Mendocino Coast Healthcare Foundation, Ms. Kathy Wylie who is a Real Estate Broker, a Board Member of the Foundation and our Agency Administrator. The Q & A session was very thoughtful and the response from the group was highly favorable. These opportunities to present to our residents are very important for informing them, gaining trust and perhaps even recruiting volunteers to serve on the District's standing committees. Each of these committees should have a majority of members who are not Directors of the District.

#### LEGISLATION

Senate Bill 1432 which as proposed would extend the date of seismic compliance for California hospitals to January 1, 2033 and provide other considerations including some potential funding for seismic compliance, passed out of the Senate on a 37-0 vote and went to the Assembly on May 23. As expected, it was amended in the Assembly on June 18 to incorporate some of the provisions of Assembly Bill 869 originally introduced by Assembly Member Wood. It has now been re-referred to the Assembly's Health Committee. We will continue to monitor the progress of this important legislation.

#### CHAIR'S ADVISORY GROUP – HOSPITAL 2030

I have formed an informal Advisory Group to review and make recommendations to me on what our hospital needs to become by 2030. The group is composed of representatives from Adventist Health, the Mendocino Coast Healthcare Foundation, Dudley Campbell, Devenney Group, District Director Jan McGourty, Measure C Chair Jim Hurst and Supervisor Ted Williams. In just two meetings we have made significant progress in understanding the priorities established by Adventist Health. These are:

1. Increasing the capacity of the Clinics to provide ambulatory care
2. Increasing the beds in the Emergency Room from the current 8 to 10.
3. Modernizing and expanding the Surgical Wards.

We have also now received a cost estimate on the modernization and seismic retrofit I referred to above. If we are to succeed at making our hospital viable for the long-term, it will take much more than the commitment of our Board. It will also require commitment from our community to support the hospital through philanthropy and, likely efforts to identify and successfully acquire federal/state and/or non-profit grant funding.

#### LEGAL

While it is too soon to be certain, it appears that we may be able to resolve issues surrounding the incorrectly filed report concerning the use of federal COVID funds provided to the District without penalties or fines. I will continue to update you on any progress.