



REGIONAL
GOVERNMENT
SERVICES

SERVING PUBLIC AGENCIES SINCE 2002

**AN ASSESSMENT OF THE
ADMINISTRATIVE INFRASTRUCTURE
OF THE MENDOCINO COAST HEALTH
CARE DISTRICT**

June 11, 2024

Contents

Executive Summary	2
Historical Context & Overview of the Organization	4
Methodology	4
Analysis and Recommendations	5
General Analysis	5
Recommendations	6
Detailed Analysis & Findings Supporting RECOMMENDATION #1 – Develop A Strategic Plan	6
Detailed Analysis & Findings Supporting RECOMMENDATION #2 – Identify And Acquire Appropriate Administrative Support Resources	8
Detailed Analysis & Findings Supporting RECOMMENDATION #3 – Create Comprehensive Policy & Procedural Framework	10
Conclusion	10

Executive Summary

In January 2024, Regional Government Services Authority (RGS) initiated a high-level assessment of the administration structure, systems and practices of the Mendocino Coast Healthcare District (MCHCD, District).

The attached report examines the issues which affect agency effectiveness and outlines a set of critical concepts and activities that should guide organizational changes. This report is intended to provide a high-level overview of the state of the District, and to lay out paths and options for improvement; as these are adopted and/or engaged in by the District Board and relevant stakeholders, further and more detailed plans of activity may be developed.

The District's past four years have been change-intensive. Since affiliation with Adventist Health in 2020, the District has not had employees; and the Board has accordingly lacked staff support of any kind, with the exception of bookkeeping services from a local CPA firm. In addition, Board turnover has been significant. These organizational changes occurred during a pandemic that impacted labor pools as well as healthcare services and funding enormously. Findings, analysis and recommendations reported here should be understood as a legacy of the past four years of change at every level of the District.

Two clear and connected themes emerged during the assessment.

- The Board lacks a clear mission around which to organize activity. Agenda documents reveal that in 2020, the Board of Directors understood that with the outsourcing of operations, a new paradigm was required. However, this paradigm has yet to be established.
- Administrative efforts subsequent to affiliation fall short of expected public administration standards. Contributing factors include:
 - This work is significantly more time-consuming than should be expected of elected and unpaid Board members; and is also subject to varying capacities of individual Board members.
 - Without a new paradigm, administrative efforts lack focus, and the prior framework of policy and practices is no longer either feasible or meaningful.

As the District fully embraces its current role as a landlord and partner with a healthcare provider, rather than the prior role of direct delivery of medical services, clarity of mission and priorities is essential, supported by appropriate administrative practices. In view of these significant and systematic themes, RGS recommends the following foundational activities, to be carried out in the next 6-12 months.

1. The Board should engage in a facilitated strategic planning process, intended to establish a new mission and vision as well as strategic objectives relevant to the District's current and primary role as a landlord rather than an operator of direct delivery health care services. The process should include Adventist Health service delivery partners as well as community stakeholders.
2. The Board should identify appropriate ways to administratively support the mission and objectives once established. Paths to obtain appropriate support might include hiring staff, partnering with other local agencies for support services, contracting with a range of outsourced services, or any combination of these actions that leads to the proper amount and types of support to achieve priority objectives.

-
3. The Board should continue to develop and adopt effective bylaws, and policy and procedural workflows to establish consistent and compliant practices for both governance roles and staff (insourced or outsourced) roles. Established policy will avoid the distractions and pitfalls caused by unawareness of compliance requirements, disconnected data and non-transparent actions, and allow the Board to focus on future-facing activity relevant to accomplishing key objectives.

The District has a critical role in the Mendocino Coast community that will require the combined efforts of a unified organizational team to carry out. The options described in this report are essential organizational activities and practices that will create a firm foundation and effective working process for the Board and other stakeholders to engage together in the design and delivery of the District's mission now and in the future. Improved outcomes and systemic functionality are essential to the Mendocino Coast communities' continued access to health care.

Historical Context & Overview of the Organization

Founded January 1, 1967, the Mendocino Coast Healthcare District encompasses approximately 680 square miles and extends about 70 miles south from the Humboldt/Mendocino County line. The MCHD was intended to provide acute care access to less than 40,000 residents of the coastal communities of Mendocino County, including the City of Fort Bragg and the communities of Westport, Cleone, Caspar, Mendocino, Little River, Albion, Comptche, and Elk. Located in Fort Bragg, the District's acute care hospital was dedicated on June 26, 1971, and is still in operation today. The District also operated a health clinic in Fort Bragg.

A five (5) member locally elected Board of Directors governs the District. Foundational revenue is based on assessed valuation of the properties within the District's boundaries.

From inception until 2020, the District delivered health care operations, employing both medical staff and administrative personnel who provided necessary agency administration staff support. As with many rural healthcare organizations, financial sustainability became a challenge with closure of a key local industry. Between 2012 and 2020 the District struggled with bankruptcy, growing debt, and general economic malaise. In order to stabilize and sustain healthcare on the Mendocino Coast, the District sought to affiliate with a large health network with stable financial and professional resources, affiliating with the Adventist Health Network in 2019. Adventist Health (AH) officially took operational control of the hospital, clinic and other services on July 1, 2020.

Currently, additional income results from the affiliation's lease agreement as well as from a limited term special parcel tax measure, Measure C, in effect from 2018-2030. Measure C funds are restricted to directly funding local health care facilities and services under the oversight of an independent citizens' committee. As the owner of the healthcare facilities, the District has responsibility for ensuring they remain in functional and compliant condition.

Methodology

RGS' team has been contracted to provide administration services to the District since December 2023. Findings noted in this report are based on team observations while conducting administrative services, as well as in-depth conversations with several Board members and reviews of relevant documents obtained through staff research or from the District's website. These documents include:

- Strategic Plan document produced in July 2023
- Current (2020) and Proposed Bylaws (2023)
- 2023 proposed staff roles documents in Board agendas, as well as 2020 Board agenda items related to staffing
- Lease Agreement
- Enabling legislation, Health & Safety Code Section 32000 et seq.
- Existing District policies
- 2019 Mendocino County Community Health Needs Assessment, Key Findings Summary dated October 2019

Analysis and Recommendations

General Analysis

RGS' analysis of observations, documentation and interaction with the District has resulted in recommendations that are intended to build on District strengths and opportunities noted below, while taking steps to fill gaps and mitigate threats to the success of the District.

- **Strengths:** In listening to and working with the Board, RGS finds that members exhibit:
 - Genuine care for the Mendocino Coast communities.
 - Willingness to consider and attempt different approaches to Board work.
- **Opportunities:** RGS noted these key opportunities for the District:
 - Community engagement with District residents. This will help the District clearly focus on what is needed, and by whom, and how to support delivery in the communities served.
 - Closer engagement with Adventist Health. Although the relationship defined between the District and Adventist Health is that of landlord and tenant, the underlying mandate of the District as broadly described in enabling legislation (Health and Safety Code §32000 et seq.) remains one of ensuring by various means the operation of health services in the District. Forming an interactive and ongoing process of engagement on a range of health care topics between the District and Adventist Health would result in better landlord/tenant outcomes, and potentially support new or improved service delivery approaches.
 - Other partnerships: The District represents a key pillar in the livability and economic viability of the community. Exploring mutual interests with the City of Fort Bragg, Noyo Harbor District and other local agencies in the region may reveal synergies for health-enhancing programs and actions.
- **Gaps:** RGS observed the following gaps to be addressed in planning for future success:
 - The District needs a clear plan to achieve a current and future role, which is no longer health care delivery but has yet to be defined.
 - The Board needs more and consistent information about public agency mandates and practices to avoid being distracted by incomplete workflows and compliance errors.
 - Systematic and ongoing financial oversight is needed. No plans can be implemented successfully without adequate resources; and funding capital infrastructure and/or healthcare services is particularly expensive and complex. A clear understanding of financial resources and effective fiscal controls prevents waste of public resources and allows funding to properly achieve desired outcomes.
- **Threats:** Although not unique to the District, RGS notes the presence of several cultural threats to success that should be addressed:
 - Individualism. The nature of a public governance body is intentionally a collective enterprise. The pursuit of individual priorities rather than acting to synthesize a range of ideas into a shared commitment to take specific actions in the community's best interests undermines the District's mandate.
 - Trust. American culture at large is currently experiencing a general distrust of government, and a disregard for the benefits of well-organized and regulated activity.

Transparent, truthful and timely communications between Board members, and the Board and the community can serve to reverse this dysfunction and encourage productive participation by all for the benefit of all.

The impacts of the threats to a governmental agency posed by a lack of structure to guide agency activity should not be underestimated. A lack of structure can result in failure to progress towards goals, waste of public resources, and undermining of community trust. As a foundational perspective, RGS believes that well-designed public administration practice is critical to the effectiveness of governance and the success of public agencies—both directly supporting progress toward District goals as well as supporting compliance, thereby removing risks which derail progress.

Good administrative practices result in progress towards an organization’s goals by:

- Accounting clearly for resources available
- Prioritizing objectives and resource allocation
- Sequencing steps to make best use of time and resources and to retain focus over time
- Ensuring coordination of efforts via policy and procedures and (possibly) automated systems

And they reduce risk through establishing and using essential compliance practices:

- Continuity—the “rules of the road” to demonstrate compliance is established in policy and procedure.
- Consistency—over time, situations are dealt with equitably and according to identified organizational policy.
- Documentation—both policy and actions are recorded for reference as needed.

Recommendations

Accordingly, the recommendations provided focus on setting objectives, followed by establishing good administrative practices, acquiring both the human resources needed to perform supporting work and the policy guidelines to carry these objectives out. These recommendations are short term, and it is anticipated that their accomplishment will represent a firm foundation for the District’s future roles and activities. RGS recommends that the Board should:

1. Engage in a facilitated strategic planning process.
2. Identify appropriate ways to administratively support the mission and objectives once established.
3. Continue to develop and adopt effective bylaws, and policy and procedural workflows to establish consistent and compliant practices.

RGS’ recommendations are explored in detail below. The associated analysis and supporting findings which accompany each recommendation are illustrative of the systemic needs and risks currently faced by the District, and are not intended to be a comprehensive catalog of either issues or solutions.

Detailed Analysis & Findings Supporting RECOMMENDATION #1 – Develop A Strategic Plan

At a minimum, the lack of clear mission focus leads to an inability to effectively allocate resources. RGS finds a range of “mission definitions” in reviewing District materials, each of which could be envisioned and enacted in a variety of ways:

- From the District's website:
 - [the District] is in the process of reorganizing itself and seeking new opportunities to contribute to the health and well-being of our community.
 - The purpose of the Mendocino Coast Health Care District has been and continues to be to ensure the continuity of essential health care in the remote communities on the Mendocino Coast.
 - Board Priorities
 - Develop and expand community partnerships and communication
 - Plan wisely for the future while maintaining fiscal integrity
 - Maintain and improve the physical plant
 - Ensure medical services continue to be available to the community
- From the District's letterhead: To ensure local access to healthcare.

Developing and carrying out a singular strategic plan will prioritize use of resources and provide a unifying template of organizational activity to accomplish specific goals to support community health. A strategic plan provides benchmarks for what information to timely include in governance agendas, and what the focus of discussion and decision-making should be. Without a clear plan, governance activities lack coherence and the Board struggles to accomplish even simple actions. The governance challenges RGS observed include;

1. Production of meeting agendas is challenging. The pattern of broad agenda item descriptions as well as a tendency to rely on oral reports rather than written presentations of materials often lead to incomplete data, as well as a lack of time for thoughtful consideration of significant issues. In addition, miscommunication about item intent has been observed to contribute to last minute production errors, possibly non-compliant descriptions of items on the agenda and a lack of clarity among the Board about the Board's role relative to each item. Agendas tied back to established objectives would support the necessary key decisions and their timing as well as making interconnected issues transparent and advancing them in coordination to achieve goals.
2. Public meeting process, while improving, remains challenging as well. Standard public meeting rules and communications flows are not consistently followed, and in the ensuing wide-ranging discussions, potential violations of the Brown Act as well as missing steps to properly complete Board actions may occur. Again, a meeting founded on achieving defined goals would help focus discussion of both Board members and the public on content contributing to success.

The work of subcommittees is ineffective and therefore not integrated into the overall Board of Directors decision-making process. The Board's standing subcommittees, which have critical assignments to guide financial and planning decision-making, have failed for multiple years to meet at least quarterly as required by District bylaws. Ideally, the subcommittees would have a planned annual calendar of key issues for consideration and recommendation to the Board, and would timely meet in order to be prepared for relevant regular Board meeting schedules. A fully articulated strategic plan addressing at least the next five years of Board objectives should be developed; and would enable well-designed and managed governance meetings to facilitate the Board's effective decision making as well as provide accountability and transparency to the community served. Additionally, the strategic plan should offer role clarity to both the Board and any potential administrative support staff, with the plan offering guidance to each as to appropriate roles and tasks to deliver the strategic objectives. Last but not least, a strategic plan will also enable appropriate and effective integration of community and

healthcare expert input to the Board, not only in setting initial priorities and plans, but in identifying ongoing or periodic checkpoints for obtaining and applying such input.

Detailed Analysis & Findings Supporting RECOMMENDATION #2 – Identify And Acquire Appropriate Administrative Support Resources

Since 2020, the District Board has not had support to provide even basic clerical and recordkeeping activity. Board members have attempted in various ways to assume administrative roles or to deliver essential governance work products. Board membership is not intended or expected to be a full-time job, nor are Board members expected to be subject matter experts or facilitators of administrative workflows.

RGS expresses great appreciation for the above-and-beyond administrative efforts by past and current Board members, while noting that this does not represent an adequate amount of structure or staff work to replace the support resources previously incorporated in the administrative staffing inherent in proper operational support for direct delivery of health care.

Prudent resource allocation to achieve important goals identified in a strategic plan would include acquiring competent administrative infrastructure in order to advance key objectives and avoid risks; and this would be true regardless of whether administrative staff are retained via consulting contracts or through an employment relationship. At the District, the lack of mission clarity and the downstream outcome of having no mission-supporting administrative infrastructure are observed to have resulted in several systemic issues, reflecting incomplete staff-level work by Board members due to a lack of capacity and/or technical expertise:

1. RGS is unable to identify District records that demonstrate compliance with FPPC Form 700 filings, completion of mandatory AB1234 Ethics training, or completion of mandatory Anti-Harassment training.
2. Board reimbursement practices do not comply with GC 53232.2.
3. Several unresolved Public Records Act requestss exist.

In addition to simply adding work hours capacity to advance key objectives, public administration staff are specifically retained for their expertise in agency regulations and effective workflows. RGS' observations in three critical areas of mission support indicate that public administration expertise is essential to the District's ability to accomplish meaningful objectives:

1. Financial management practices are of concern. Accomplishment of almost all agency objectives requires funding. While many details are not transparent at this time, several obvious gaps in financial management practices exist:
 - The District has not completed a required annual audit for four years.
 - While annual budget documents are produced, they are often untimely; and no tracking (i.e., budget to actual) or ongoing financial reporting has been identified.
 - Invoice processing is erratic and bills are unpaid for months.
 - Proliferation of bank accounts without clear functionality was only recently reversed.
 - The Districts' bookkeeping firm was reported to be terminated by Board action, contingent on there being a new firm hired—no subsequent hiring actions are evident. The previously-fired firm is still performing work and being paid.

- Transactional workflows are inconsistent and transactional data is incomplete due to Board member actions to independently handle financial transactions.
 - During the past few months, several items of correspondence have been received by the District regarding significantly overdue mandatory financial reports. There are both fiscal and legal consequences possible in some of these cases.
 - The District contracted in March 2024 with a consultant for CFO services. This consultant promptly reported compliance concerns to the Board at meetings on April 10 and May 23, 2024, found [HERE](https://www.mchcd.org/files/9f3008e07/Board+Compliance+Report+04-09-2024.pdf):
<https://www.mchcd.org/files/9f3008e07/Board+Compliance+Report+04-09-2024.pdf>
<https://www.mchcd.org/files/ea96d2434/COVID.Compliance.Memo.05-18-2024.pdf>
2. Contract management is also of concern. The District has limited contracts to administer; however, contract management efforts appear sporadic and not always timely or consistent with authorization by the Board. Examples identified include:
- An agenda item in Sept. 28, 2023, to obtain bids for roof repairs subsequently reappeared as an emergency contract for roof repair on the January 25, 2024, agenda.
 - Information gathered from the District's records relative to PRA requests suggests unaddressed potential irregularities in professional services contract administration.

As an owner of facilities, the District does need a proactive management approach that includes non-emergency procurement of maintenance and construction services. Public works contracts are regulated, and compliance requires specific knowledge and process steps.

3. HR is a non-existent area of administration at this time. Without staff, this presently represents no risk to the District; however, indications that staff expertise in this area is needed include:
- The Board was presented with critical staffing questions in July 2023 by Director Savage, many of which remain unanswered. Documents reveal that the Board invested time and energy into preparing job descriptions and conducting some form of pay study, as well as developing a recruitment plan; however, no publicly available document addresses the logistics of acquiring a payroll provider and complying with payroll tax requirements, or pricing and obtaining either required insurance benefits or any non-mandatory benefits, or authorizes expenditures for the ongoing costs of administering employment.
 - Board members participate in an HRA administered by a Board member; District document review revealed a document identifying potential irregularities of administrative practice.

The required activities to establish job descriptions, reporting relationships, pay and benefit structures, and to effectively attract and retain well-qualified personnel to perform described roles as well as to administer the ongoing employment programs are both highly regulated and significantly impactful to both potential employees and the District. If the Board wishes to consider becoming an employer, expert advice will be needed.

An initial step in carrying out this recommendation is to study a range of available administrative resource acquisition options, along with positive/negative potential of each, as well as cost implications. Identification of a "staffing readiness" path could then be developed in the event the District finds it most effective to directly employ administrative personnel.

Detailed Analysis & Findings Supporting RECOMMENDATION #3 – Create Comprehensive Policy & Procedural Framework

Policies inform the public, the Board and staff about what actions are appropriate to achieve objectives and compliance; and often indicate what supporting documentation or procedure is needed to both take effective action and to demonstrate compliance with various regulations.

RGS' observations in this area include:

1. Policy and associated procedural guidance are mostly absent. District policy that exists is often impossible to administer as it assumes participants not in existence—staff or other roles that are neither assigned nor defined. RGS was able to locate the following policies in place in December 2023:
 - a. 2020 adopted bylaws and 2023 proposed, but not adopted, bylaws
 - b. A Fiscal Controls policy adopted in 2021 and rescinded but not replaced in Sept. 2023
 - c. Conflict of Interest Policy, adopted in 2023
 - d. Public Records Act Requests, adopted in 2023
2. Since RGS service began in December, several new policies have been adopted. During this process, it has been observed that:
 - a. Relevant subcommittees of the Board (including an ad hoc policy committee and the standing Finance and Planning Committees) do not act as policy developers, reviewers, or champions of policy.
 - b. The Board as a whole seems “stuck” in many cases when asked to adopt policy, deferring decision-making for multiple meetings without providing any direction as to desired policy changes or raising unaddressed policy concerns.

This lack of policy and associated standard practices results in process and role confusion which distracts Board attention without resolving the confusion; leading to the compliance and transparency concerns noted, as well as to challenges focusing on essential governance outcomes.

There is much to do still in the area of policy development. It is clear that the Board has made a revision of its bylaws a matter of priority, and these will form a good foundation for future Board activity. Because policies can intersect with or even contradict each other when developed over time, RGS recommends as a first step that a policy development matrix be developed and adopted to prioritize efforts, ensure appropriate cross-referencing and track effective progress as well as identifying needed procedural support guidance.

Conclusion

Today, the District Board is poised for success in formulating the new phase of the District's public agency role – that of an effective funder and facilitator for health care access and services on the Mendocino Coast. Investment now in laying a firm foundation of goals, policy and effective staff work will result in essential and long-term benefits to the community.