



NOTICE OF REGULAR MEETING OF THE BOARD OF DIRECTORS

MENDOCINO COAST HEALTH CARE DISTRICT

Thursday, June 27, 2024 - 6:00 PM

Redwoods Room, Adventist Health Mendocino Coast Hospital Campus
700 River Drive, Fort Bragg, CA.

Supporting documentation for this agenda is available on the website at:

<https://www.mchcd.org>

NOTICE: Director Katzeff will be participating via teleconference from 350 W Maryland St, Indianapolis, IN 46225, as permitted by Government Code Section 54953(b). This location is fully accessible to the public; all votes will be taken by roll call. The agenda has been posted in accord with the Brown Act at this location.

Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact the District at 707-937-3089 at least 72 hours prior to the meeting. The Board reserves the right to maintain meeting decorum, mute or remove a member of the public for inappropriate behavior which is disruptive. This Board Meeting is being held in person. Meeting attendees may also join virtually using the Zoom link below.

Join Zoom Meeting:

<https://zoom.us/j/9210401893?pwd=SE9PY1JBNUZvSEVIY0tYNm9iTDhhdz09&omn=97347972878>

Meeting ID: 921 040 1893

Passcode: 634678

CONDUCT OF BUSINESS

1. CALL MEETING TO ORDER

1a) Roll Call: Paul Garza Jr. (Chair), Paul Katzeff (Vice Chair), Susan Savage (Secretary), Sara Spring (Treasurer), Jan McGourty.

2. NEW BUSINESS

2a) MCHCD Board Chair's Report - Paul Garza Jr.

Recommended Action: None. This item is for information only.



Attachments: *Board Chair's Report, 06/27/2024.*

2b) Receive Mendocino County Grand Jury Report, dated June 12, 2024, entitled, "MENDOCINO COAST HEALTH CARE DISTRICT - Sick, but Returning to Health" and consider statutory report response - Chair Garza.

Recommended Action: Form an ad hoc committee to draft a response to the Grand Jury report for Board review and approval, to be completed within the 90-day statutory requirement.

Attachments: *Mendocino County Grand Jury Report, dated June 12, 2024, entitled, "MENDOCINO COAST HEALTH CARE DISTRICT - Sick, but Returning to Health".*

2c) Consideration of approval of Draft 2024-25 Board Budget and Statement of 5-year Annual Cash Flow Report - CFO Wayne Allen.

Recommended Action: Adopt Draft 2024-25 Board Budget and Statement of 5-year Annual Cash Flow Report.

Attachments: *Draft Fiscal 2024-2025 Budget and Statement of 5-year Annual Cash Flow Report, Draft Finance Committee meeting minutes, 6/20/2024.*

2d) Consideration of approval of engagement letter with DZA for required audit services for 2020-21, 2021-22 and 2022-23 fiscal years and a Single Audit for Federal Covid Relief funds.

Recommended Action: Approve the engagement letter with DZA for required audit services for 2020-21, 2021-22 and 2022-23 fiscal years and a Single Audit for Federal Covid Relief funds.

Attachments: *DZA Engagement Letter, 6/04/2024.*

2e) Consideration of approval of contract renewal with Regional Government Services for professional administrative services - Chair Garza and Sophia Selivanoff, Executive Director, Regional Government Services.

Recommended Action: Renew Regional Government Services Contract for professional administrative services.

Attachments: *Regional Government Services MCHCD Administration Assessment, 6/11/24; Chair's Report, 6/27/24; RGS Contract Amendment #1 and RGS Revised Scope of Administration Services B-1, 6/27/24; RGS Staff Work Report, 6/27/24.*



2f) Consider authorization for the Agency Administrator to dispose of surplus items in the Pelican and Coast Storage Sheds, not to exceed \$5000.00

Recommended Action: Approve authorization for the Agency Administrator to dispose of surplus items in the Pelican and Coast Storage Sheds not to exceed \$5000.

Attachments: Staff Report, Storage Shed items disposition.

2g) Receive the Operations Cash Report 6/18/24, the Treasury Bill Inventory Portfolio 6/18/24, and the May 2024 Check Register - CFO Wayne Allen.

Recommended Action: None. This item is for information only.

Attachments: Operations Cash Report 6/18/24, the Treasury Bill Inventory Portfolio 6/18/24, and the May 2024 Check Register.

3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Members of the public are welcome to address the Board on items not listed on the agenda, but within the jurisdiction of the Board. Time is limited to 3 minutes per speaker with a 20-minute total time limit for all public comments. No action or discussion shall be taken on any item presented except that the Board may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters pertaining to the Board may be scheduled for discussion at a future meeting or referred to staff for clarification or a report, at the pleasure of the Board. If general public comment exceeds the 20 minute time limit, members of the public who have not had the opportunity to speak on items not on this agenda will have the opportunity to do so after the business on the agenda is concluded.

4. REPORTS

4a) Adventist Health Mendocino Coast Hospital - Judy Leach, President.

Recommended Action: None. This item is for information only.

4b) Mendocino Coast Healthcare Foundation - Terry Ramos, Board Chair.

Recommended Action: None. This item is for information only.

4c) Receive Seismic Compliance Team Progress Reports - Robin Garrity, Props & Measures,

Recommended Action: None. This item is for information only.



Attachments: *Props & Measure Report, 6/27/2024.*

4d) Receive Seismic Compliance Team Progress Reports - Dudley Campbell, Devenney Group.

Recommended Action: None. This item is for information only.

Attachments: *Cummings Cost Estimates Report, 6/11/2024.*

5. CONSENT CALENDAR

The Consent Calendar will be acted upon by the Board at one time without discussion. Any Board member may request that any item be removed from the Consent Calendar for individual consideration.

ITEMS RECOMMENDED FOR APPROVAL:

5a) Draft Minutes of the 5/23/2024 Regular Meeting.

Attachments: *5/23/2024 Regular Meeting Minutes*

5b) *Approve changes in ad hoc committee assignments for the remainder of 2024.*

*Appoint Director McGourty to ad hoc Policy/Bylaws committee, to replace Chair Garza.
Appoint Chair Garza to the Standing Finance Committee, to replace Director Savage.*

Attachments: *Updated draft ad hoc committee roster.*

6. COMMENTS FROM THE BOARD

7. APPOINT REAL PROPERTY NEGOTIATORS

7a) Consider Appointment of Real Property Negotiator *ad hoc* subcommittee for Fort Bragg River Drive Properties.

Recommended Action: Appoint Real Property Negotiator *ad hoc* subcommittee for Fort Bragg River Drive Properties.



8. CLOSED SESSION

8a) Gov. Code §54956.8: Conference with Real Property Negotiators, 721 River Drive, Fort Bragg, Ca.

District Negotiators: Appointed District *ad hoc* Subcommittee and legal counsel

Negotiating parties: GL Bruno, Agent

Under negotiation: price and terms of payment of possible purchase

8b) Gov. Code §54956.8: Conference with Real Property Negotiators, Adjacent vacant lot to 721 River Drive, Fort Bragg, Ca.

District Negotiators: Appointed District *ad hoc* Subcommittee and legal counsel

Negotiating parties: City of Fort Bragg

Under negotiation: price and terms of payment of possible purchase

8c) GC § 54956.9(d)(2): Conference with Legal Counsel — Significant Exposure to Litigation (1 potential matter).

9. ADJOURNMENT

The next Regular Meeting of the Board will be held on July 25, 2024, at 6:00 pm, at the Redwoods Room, 700 River Drive, Adventist Health Mendocino Coast Hospital, Fort Bragg, Ca.

Dated: June 24, 2024

A handwritten signature in black ink that reads "Katharine D. Wylie".

Katharine Wylie, MS Ed
Agency Administrator, MCHCD



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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-Otaker 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.

MENDOCINO COAST HEALTH CARE DISTRICT

Sick, but Returning to Health

SUMMARY

The Mendocino Coast Health Care District (MCHCD), which stretches from Westport in the north to Gualala in the south, was formed on January 1, 1967. MCHCD then constructed an Acute Care Hospital, in Fort Bragg, which was dedicated on June 26, 1971. The original facility is still in operation today, over 50 years later. In 2020 when MCHCD affiliated with Adventist Health (Adventist), responsibility for managing the hospital passed over to Adventist. This affiliation agreement essentially set up MCHCD as the landlord for the facilities, as well for being responsible for addressing the non-hospital related health care needs of the coast. This change is one that MCHCD has struggled with ever since.

The Mendocino County Civil Grand Jury's (Grand Jury) intent is not to focus on specific people or specific actions, but rather to shine a light on the root causes of MCHCD's troubles over the last few years for the purpose of ensuring that both the public and Board are aware of these issues and to help prevent past mistakes from being repeated.

The Grand Jury has identified several key areas where change or improvement in governance is needed. This report will discuss those areas and highlight in clear and simple terms the issue, the suggested resolution for that issue, and recognize and commend those involved where they are already working toward resolution of the problems.

These are not the only issues that MCHCD is facing; however, of the issues that are within the jurisdiction of the Grand Jury these are the ones where improvements and changes would make the most significant difference in the future of healthcare on the coast.

These are the issues the Grand Jury has focused on:

- Board Training and Support
- Bylaws, Policies, Mission
- Financial status
- Facilities Plan – hospital buildings, improvements, and retrofit
- Community Education and Engagement
- Long term strategic plan – after the hospital facility issues are addressed, then what...?

Since the beginning of our investigation, MCHCD has undergone a transformation. In particular, in 2024 the Grand Jury saw that MCHCD has taken many steps to rectify the above issues and is to be congratulated for their renewed focus and hard work. That work remains incomplete, but progress is being made so rapidly that some of the Grand Jury's recommendations may be completed by the time this report is published.

GLOSSARY

Agency Administrator - An agency administrator is the managing officer of an agency, jurisdiction, or division, and has statutory responsibility for incident mitigation and management.

ACHD - Association of California Healthcare Districts

Brown Act - California's Ralph M. Brown Act (Government Code section 54950, *et seq.*) guarantees the public's right to attend and participate in local legislative bodies' meetings. The Brown Act covers almost every type of local government body, including special districts. The Brown Act requires local government business to be conducted at open and public meetings, except in certain limited situations.

Bylaws and Policies -

Bylaws are the most basic items that govern the internal operations of the board such as adding/removing a board member, how voting is handled, legal responsibilities, how meetings are conducted, conflict of interest and ethics, and board positions. Bylaws usually require either supermajority (or sometimes even unanimous) vote to change, so they should be just core rules that are not likely to change.

Policies define the operational practices of the organization, such as financial management, human resources, job descriptions and training requirements, IT and security, etc. Policies usually require a Board majority vote to change, or sometimes the authority to change them is designated to a director or staff executive.

CFO - The Chief Financial Officer oversees a company's financial operations. A CFO's responsibilities include internal and external financial reporting, stewardship of a company's assets, and execution of cash management.

Comity - Courtesy and considerate behavior towards others; polite or friendly behavior that shows respect, especially in public life.

CSDA - California Special Districts Association, a not-for-profit association which promotes good governance and local services through professional development, advocacy and other services to Special Districts.

General Manager - A General Manager is a high-ranking executive who manages the daily operations of a special district.

ILG - Institute for Local Government is a non-profit agency that promotes good governance by providing real world expertise to help manage complex issues.

LAFCo - Local Agency Formation Commission, a regulatory agency in California that oversees boundary changes, new agencies, and the consolidation of cities and special districts. There is a LAFCo in each of the 58 counties of California.

California Little Hoover Commission - The California Little Hoover Commission was created in 1962, and is an independent state oversight agency modeled after the U.S. Hoover Commission. It investigates state government operations and promotes efficiency, economy and improved service through reports, recommendations and legislative proposals. Created by SB 37 in 1993.

Mission and Vision Statement -

A **vision statement** is an organization's guiding purpose. What does the ideal end result of its efforts look like? The ideal that the organization's mission and values build toward. "Our vision is a ..."

A **mission statement** is how your organization will achieve its vision. This doesn't need to include every action, just the main areas of focus. "We'll achieve our vision by..."

National Provider Identifier (NPI) - A National Provider Identifier (NPI) is a unique 10-digit identification number issued to health care providers in the United States by the Centers for Medicare and Medicaid Services (CMS).

RGS - Regional Government Services (RGS) is a Joint Powers Authority public agency serving the consulting, administrative and project management needs of local governments. RGS, a public agency itself, works exclusively for the benefit of other public agencies. It provides a ready source of support and consulting services to meet the needs of its partner agencies in a broad range of disciplines and to help local governments meet three challenges:

1. Decreasing revenues
2. Increasing demands (and costs) for services
3. Loss of experienced staff.

Special Districts - Special Districts are independent local public agencies created by the people under state laws. These districts deliver specialized services essential to the local area's health, safety, economy and well-being. Special Districts are vital to providing services cities and counties do not provide. Special Districts are funded by local voters and accountable to the community they serve, not accountable to local or state government.

Governing Board Model - Board is responsible for providing strategic and financial planning and oversight, legal and ethical accountability, oversight of operations and results to ensure efficiency, hiring executive staff, setting key policies. For example: Governing Boards manage financial plans, not budget sheets. Working Boards are responsible for both.

Working Board Model - In addition to the same governance responsibilities above, a working Board also does the day-to-day work of the organization, from bookkeeping to answering correspondence to event planning. This is not an ideal Board structure and is usually only used when the organization lacks funding for staff.

BACKGROUND

There have been multiple complaints filed with the Grand Jury over the last several years regarding the MCHCD, over three times as many as filed regarding any other county governing body over the same period. These complaints have ranged from possible financial improprieties to Brown Act violations to concerns of negligence and severe lack of comity. Often by the time the Grand Jury could start an investigation the issue would either be resolved, or the individuals concerned were no longer involved with the MCHCD.

This year's Grand Jury, noting the frequent issues, decided to pick up an investigation of the MCHCD at a higher level than any of the individual complaints, instead focusing on systemic problems within the MCHCD that have allowed for so many issues to remain unresolved over several years and through several Boards. The investigation began in the very beginning of this term (summer 2023) and extended through early 2024. The Grand Jury understands the MCHCD has been consistently evolving and some matters may have changed since the writing of this report.

METHODOLOGY

In conducting the investigation that culminated in this report, the Grand Jury:

- interviewed complainants, MCHCD Board of Directors and staff, members of the community, and local physicians,
- reviewed MCHCD and other health care district websites,
- conducted online research on over 20 websites,
- requested and analyzed 28 reports and documents from the District.

The Grand Jury recognizes the time given freely by all those interviewed and appreciates the interviewee's understanding that the Grand Jury exists to support and improve the operations of all areas of the local government. The Grand Jury commends interviewees on their passion about improving healthcare on the coast, and their willingness to answer openly and honestly and provide necessary information in the spirit of partnership.

DISCUSSION

The Mendocino Coast Health Care District (MCHCD) is currently responsible for overseeing the healthcare access of the entire Mendocino Coast population. This area is geographically separated by a heavily forested mountain range that runs between the coastal area and inland Mendocino cities (see map and history Appendix A). The drive to inland hospitals is, at minimum, 45 minutes, but for many can be several hours along heavily winding mountain roads. The wide spread of the population along about 100 miles of rugged coastline also limits the other medical services that could be sustained by a denser population.

Until 2020 MCHCD operated the Mendocino Coast District Hospital as its main responsibility, as well as supporting the healthcare needs along the coast. Because of poor financial health, changes in the healthcare industry that reduced revenues, and the difficulty in recruiting healthcare professionals in such a remote setting, MCHCD voted in 2020 to affiliate with Adventist Health, which ran the two inland hospitals in Willits and Ukiah. This affiliation agreement essentially set up MCHCD as the landlord for the facilities, as well for being responsible for addressing the non-hospital related health care needs of the coast, while Adventist was responsible for running the hospital itself.

Since then, the functionality of the MCHCD Board has been a frequent concern of locals in community meetings, in the media, and has been the subject of numerous complaints to the Mendocino County Civil Grand Jury (Grand Jury). This is understandable as the operations of MCHCD are critical to the survival of the healthcare structure for the entire Mendocino Coast. Thousands of people rely on its success for their lives as well as day to day health.

The Grand Jury has identified several areas for the Board to focus its attention on:

- Board Training and Support
- Bylaws, Policies, Mission, Comity
- Financial Status
- Facilities Plan – hospital buildings, improvements, and retrofit
- Community Education and Engagement
- Long Term Plan – after the hospital is addressed, then what...?

Board Training and Support: Enabling success

Training

The MCHCD Board is made up of elected community volunteers who are tasked with a large and complicated responsibility. These Board members are not seasoned professionals in this area, and are not getting paid to do this work. They are a community Board whose job is to provide guidance and oversight on behalf of their constituents in an area in which most of them have no background.

MCHCD Board members are elected based on their vision and policy ideas, not on their experience operating in this environment. The expectation that these volunteers come with all the skills and understanding on how to do the job they are tasked with is unrealistic.

With the support of Regional Government Services (RGS), which has a vast background in this area, the Board needs to create a basic training curriculum to be made available to new Board members. Some basics such as Brown Act and Ethics (including AB1234) are required. Other trainings can be made available to Board members as needed. The goal is that among the five members of the Board, there will be the skills and knowledge needed to fulfill the roles and responsibilities of the Board.

There is appropriate training available for Board members from many sources. The Grand Jury recommends in particular that when new Board members are elected or appointed, that they be educated on what is available from the California Fair Political Practices Commission (FPPC), California Special District Association (CSDA), and the Institute for Local Government (ILG) as they are geared specifically toward the unique skills and understandings needed for local government Boards such as MCHCD. Many of these trainings are free for the MCHCD as a CSDA member, or scholarships are available. In particular we feel MCHCD would benefit from:

- FPPC - Ethics AB1234 (this is state mandated training, required every two years).
- CSDA –
 - Best Practices 1st year Board Member Bundle
 - Special District Leadership Foundation.
- ILG –
 - TIERS (Building Trust Through Public Engagement)
 - Effective Meetings
 - Ballot Measures and Campaigns
 - Civility in Public Meetings
 - Governance Handbooks and Policies

There are also certification programs available from CSDA, available at little to no cost. There are many certifications that will help educate Board members, and certification will help the public have confidence that Board members are equipped for their job. Specifically, the Grand Jury recommends:

- CSDA Transparency Certificate of Excellence,
- District of Distinction Accreditation.

The first will help the Board regain the public trust, and the second will help reassure the public of the district's financial management in preparation for a bond vote.

The goal of training is to enable our community members who take up the difficult task of MCHCDs mission to be successful by helping them gain the skills needed to do the job the public has given them.

Support

When the affiliation (see complete history Appendix A) occurred in 2020 and the Board turned over management of the hospital to Adventist, the MCHCD organization went from a full staff to none. The Board tried for several years to operate under a Working Board model where the

volunteer Board members do all of the administrative tasks in addition to policy and decision making. This model has not worked for this organization; a Governing Board model would be more appropriate. The heavy time commitment with a Working Board model can dissuade people with the needed expertise from joining the Board, and can burn out those that do. What the organization can get done is limited by the free time the Board is able to commit. Working Boards often strive toward becoming financially able to transition to a Governing Board. In addition, the Brown Act makes it difficult to have a Working Board model. The Brown Act requires that all discussions and decisions take place in a public board meeting; there have already been concerns from the public that serial meetings (illegal private discussions) may be occurring among Board members. Elected volunteer Board members cannot do all the necessary work. The MCHCD Board needs paid staff to help with preparing for Board meetings, daily operations, and finance.

RGS brings much-needed skills and understanding in this area, and some results are already evident. The current RGS expense is not sustainable within the \$250,000 operational budget of the Board. The Grand Jury encourages the Board to have a plan on how this money is going to be spent to support the operations of the District long term, and to clearly communicate this plan to the public. The public is right to be concerned that the Board has hired RGS without giving the public a long term understanding or plan on how this will work. The Board can determine what fits their situation best:

- have RGS support them on an ongoing basis,
- give RGS the task to help get them organized with a solid foundation and train hired staff during the first year and then end their contract, or
- some hybrid of the two.

Bylaws, Policies, and Mission: A stable base is needed for a functional organization

Bylaws, policies and procedures, and a clear mission are the stable foundation on which any organization is built. Without those any organization of this size, responsibility, and obligations is doomed to chaos, and likely to result in process disputes and discord preventing the organization from making any meaningful progress towards its goals. Indeed, this lack of progress is what we observed when reviewing what Board meeting recordings were available for the last few years through the end of 2023. This lack of progress was also reflected in media articles and public feedback.

Bylaws

A copy of the Bylaws that is properly approved by a vote of the Board and documented in the minutes, dated and signed by the Secretary, should be given to all Directors and posted for the public. As far as the Grand Jury could discern, the Board has been operating for several years without an officially signed and documented set of bylaws that is applicable to their new role.

- In late 2023, the Grand Jury asked for an updated copy of the bylaws and were told that there were multiple versions on their document storage server, but it was not immediately clear which one was the last document approved.

- As of the writing of this report, there are two different versions of the Bylaws posted on the website.
 - One has three different dates on it; the title page states “Adopted 2020”, the footer on each page has the date of November 2021, and the signature page has a date of 2022. There is no witness signature by the Secretary certifying that the bylaws were approved by the Board.
 - The other is an “in progress draft” dated 2023.
- The Grand Jury was eventually given a copy of the bylaws in 2024 indicating they were approved by the Board at a November 2020 meeting, but signed in witness August 16, 2023 by a current Board member who was not on the Board in 2020 to witness the vote.
 - The Grand Jury tried to review meeting minutes from 2020 to confirm that the 2020 version of Bylaws was voted and approved at a Board meeting, but could find no evidence of a vote in the minutes.
 - The current Board said they resolved this by voting in August 2023 to approve a version; however, the Grand Jury were not able to find that vote in the 2023 minutes posted on the MCHCD website. In fact, there was not an August 2023 meeting listed on the site. A request for clarification did not receive a response.
- In addition, as of May 2024, the 2023 signed version given to the Grand Jury does not match either of the versions posted on the MCHCD website.

If these Bylaws were properly approved, that would be a start; however, they appear to be incomplete.

Policies and Procedures

Assuming there was a policy and procedure manual (as it is standard for all organizations, and is referenced in the MCHCD Bylaws), the Grand Jury asked some questions about the Board policies. When the Board responses revealed members weren’t familiar with their own policies, the Grand Jury asked for a copy of the Policies and Procedures for MCHCD. Most Board members said that nothing had been passed forward from the prior Board. The Grand Jury eventually received a Policies and Procedures Manual from one of the Board members who found it on a shelf in the Board office. It was the only copy they had. It was dated 1999, with the latest change made in 2018.

There are 15 sections to the manual (see table of contents Appendix D), and all 15 are either irrelevant or outdated. Sections 3, 4, 5, 6, 7, 9, and 12 are no longer relevant because they refer to running a hospital, which has not been part of the Board’s responsibility for four years. Sections 1, 2, 8, 10, 11, 13, 14 and 15 need to be rewritten and/or updated. In addition, there are several standard policies that are not included at all and need to be written.

In 2024 the MCHCD Board has been working on some needed additions such as conflict of interest, records retention, and code of ethics. The Grand Jury recommends they continue their focus on policies, and in particular ensure that they prioritize policies around financial controls, technology, security, and comity. The Grand Jury asked Board members if they had taken AB1234 Brown Act and Ethics training. All Directors stated they had, but there was no official record of completion for any member. As stated above, the Grand Jury also recommends a policy that all

Board members be required to take Brown Act and Ethics training at the beginning of their term, that it is recommended to take the class annually, and that the certification is officially documented. The Grand Jury recommends that the Board reach out to other health care districts and the CSDA to acquire sample policies and procedures manuals. Start with these as baselines and make changes and/or additions as seems appropriate for MCHCD. The Association of California Healthcare Districts

(ACHD) may be able to help with making appropriate changes as well.

(<https://www.achd.org/example-certified-healthcare-districts-library/>)

One example of how the lack of policies can have severe impacts is how the absence of minutes for over a year of Board meetings almost derailed the hospital's ability to meet retrofit deadlines.

California has mandated that hospitals such as the one in Fort Bragg must comply with seismic safety standards by 2030. If it does not do so the State could close the hospital.

- In order to pay for this compliance, the best and potentially only way that money can be raised is through a voter approved bond.
- In order to get an acceptable rate of interest on a bond, the Board must get a positive bond rating to confirm the Board's credit worthiness.
- In order to do this bond rating, rating agencies require an audit.
- In order to complete an audit, a review of the Board's actions is required, which includes reviewing the minutes of the Board's activities for several years.

The lack of minutes for over a year impaired the completion of the audits. It took almost a year for the Board to piece together minutes of the prior years' meetings from emails, prior Board member notes, and the few recordings that could be found. This is only one of the many reasons that minutes are a critical and standard part of running an organization, and why having a policy requiring the creation and retention of minutes is important. In addition, the lack of minutes raises into question the official historical record and allows for potential improprieties, and lost or improperly recorded Board actions.

Another example of how a lack of policies can have negative impacts is in addressing financial expenditures. There is no up-to-date Board policy outlining reimbursement for expenses. Requiring receipts is a standard policy for all organizations, especially those using tax dollars. In addition, to avoid the potential or even the appearance of an improper expenditure of funds (which might be construed as negligence), many organizations have a written policy for approval of payments to Board members. This policy often requires multiple board members to approve a payment going to any board member, or any payment over a certain amount, and some require multiple signatures on a check. Without either of these policies, an authorized signatory was able to write checks for reimbursement of their travel expenses without receipts or Board review of the expenses.

All versions of MCHCD Bylaws we reviewed state, "At least three signed copies of the Bylaws shall be maintained on file in the District office and a current copy maintained on the District website. Each Director shall be given a copy of the Board Bylaws and Policy Manual." Regardless of which version, if any, is the current approved version, it is clear that the Bylaws are not being followed as none of the current Board members were provided copies of the Bylaws or Policies

when they started. It is also clear from reviewing recent meetings that the current Board is discussing and working on both Bylaws and Policies, and we encourage them to continue that work as a priority.

Vision and Mission

The Grand Jury found different statements of mission between the Bylaws, the website, and other Board documents (some of these are outlined in Appendix B). When asked about the publicly shared versions, Board members stated they were not sure where the version on the website came from, that it had not to their knowledge been thought through and officially approved, and has now been removed from the website. They also stated the version in the Bylaws was not an appropriate mission statement for the district and has not been discussed by the current Board.

From the MCHCD bylaws:

“The mission of the Board is to:

- a. Ensure that the resources of the Health Care District are used in the best interests of the public.
- b. Meet its financial, contractual and regulatory obligations.
- c. Implement and support programs providing they are congruent with regulations and existing contracts.”

While differences of opinion on how to approach the Mission are to be expected (indeed that is one of the intentions of having a diverse board), when asked what the Mission of the Board is, the different answers were concerning. This is the role of having an agreed upon vision, mission, and values statement in an organization. When asked what the Mission of MCHCD was, most of the Board made a statement about having a healthy coast population, however from there their responses diverged. A ‘...*healthy coast population*...’ is a vision for the organization, not a mission. The vision statement is what the ideal end result of the organization's work will be, the mission statement is how they will achieve that vision.

A good example of these is from The Alzheimer’s Association:

Vision statement - A world without Alzheimer’s and all other dementia.

Mission statement - The Alzheimer's Association leads the way to end Alzheimer's and all other dementia—by accelerating global research, driving risk reduction and early detection, and maximizing quality care and support.

Or, closer to home, the Mendocino Community Foundation is a good example:

Vision statement - We envision a thriving, equitable Mendocino County that is resilient, where every resident can learn, create, contribute, prosper, and reach their full potential.

Mission statement - We inspire and steward generosity to foster vibrant, inclusive, and healthy communities throughout Mendocino County.

While all Board members seemed to be in basic agreement on the Vision, they were not in agreement on the Mission (how they would achieve their vision). The Grand Jury encourages the Board to annually discuss and review their vision, mission, and values to determine if they are still relevant, that the Board is still acting in accordance with them, and to refresh the vision, mission, and values in their minds and ensure that they are all on the same page as far as these are concerned. This discussion commonly happens as part of an annual retreat. The lack of a clear mission

statement and agreement on priorities can at a minimum slow an organization's progress toward making a difference for their community, at worst cause complete dysfunction and collapse.

How did we get a building without a foundation?

As Bylaws, Policies and Procedures, and Mission Statement are the core foundation of an organization, it normally falls to the founding Board to set them up. In this case MCHCD has been around for years and had all of these already; however, when the affiliation with Adventist happened, the role of MCHCD changed dramatically, so significantly that it was essentially a new organization. Their first order of business post-affiliation should have been to rewrite or create from scratch new policies and procedures, bylaws, and mission statements that applied to the new organization.

The Grand Jury believes that if this had been done, the public would not be seeing the lack of comity that has been injurious to the organization and to our county. In addition, it would have helped ensure that basic requirements such as meeting minutes were completed, finances were handled appropriately, and that Board members were agreed as to the mission and their role in it. Most of all, a Bylaws, Policies Manual, and Mission Statement would have helped the Board ensure that they spent their meeting time making progress on the issues at hand rather than bickering about process and direction.

Comity

Comity: Courtesy and considerate behavior towards others; polite or friendly behavior that shows respect, especially in public life.

Before the Grand Jury closes out this section, there was one issue in particular that it would be remiss not to address specifically and directly. A major barrier in making progress on items at Board meetings has been a lack of comity. This is clearly evident after watching any of the Board meeting recordings through 2023, and has been often commented on by the media and public with statements such as “I stopped watching the meetings because the constant fighting was too difficult to bear” and “hours spent with no progress being made.” This has improved in 2024 but problems with comity still rear up on occasion. Board members will not always agree with each other, and in fact should not, however the way they disagree should not be disruptive to the meetings or obstructive to completing the mission of the Board.

While a Civility Policy or Code of Conduct Policy is not a required part of an organization's governing documents, it is not unusual either. The Grand Jury would encourage the MCHCD Board to consider adding one to their policies. ILG has a list of examples from other similar entities in California, it would be a good place to start. (<https://www.ca-ilg.org/codes-conduct-civility-and-ethics>)

Shoring up the foundation for a stable future

The lack of clear direction, lack of progress, and the divisive environment displayed to the public in the last several years may also be a reason polling shows the public has been struggling to

believe in the MCHCD's ability to manage the changes and work needed to improve healthcare on the coast.

The public's belief and trust is critical to the Board's ability to get a bond measure approved by the two-thirds majority vote needed. Unless something changes with the state's requirements for the retrofit, the bond approval is critical to getting both the retrofit completed and funding any improvements to the building that would support improved healthcare quality and options at the hospital.

The Grand Jury would like to commend the 2024 Board and leadership in starting to address the long overdue basics above. Between the beginning of 2024 and the publishing of this report, the Board has approved 10 new policies and started discussions surrounding their Bylaws and their Mission. The Grand Jury hopes for the health and security of the Mendocino coast, that they complete work on their foundation before building on it.

Financial Status

While the MCHCD does not have an overflow of cash, they do have enough for their annual operating expenses. Their financial issues do not stem from lack of money, but rather mismanagement of what they have. The Board's financial struggles have been well documented in the press, and in Board meetings, including financial accounts which they lost access to, money they lost track of for a period of time, getting years behind in their annual audits, lacking clear reporting and budget, all which contribute to a failure in one of their prime responsibilities, transparency with the public on how their tax dollars are being spent. When the Grand Jury asked for clarity on the district budgets, no documentation showing what the budgets include could be provided.

To be fair, a portion of their financial issues were due to the unfortunate timing of the affiliation and COVID. Right as MCHCD was going through a complex process of disengaging their finances from that of the hospital operations (i.e., patient payments, employee salaries, etc), COVID hit. On top of the well-known impacts of COVID, they faced downstream COVID issues such as a long delay in Adventist's ability to get a National Provider Identifier (NPI) number for the Mendocino Coast Hospital from the US Government Health and Human Services Department. An NPI number is how healthcare providers get paid by Medicare/Medicaid/insurance. Without a NPI, patient payments for the hospital had to continue to go to MCHCD even after Adventist took over hospital operations. This transition process which would have been expected to take about six months, stretched on for years, with more and more money flowing into accounts it shouldn't have. This created a mess that has taken a year of accounting work to sort out.

The MCHCD has wisely elected to hire an outside finance specialist to help. This temporary CFO role is tasked with both directly helping them clean up their accounting, and setting them up for successful maintenance of their finances long term by making recommendations on how to fix the financial problems, which include:

- a lack of financial policies and controls,

- a lack of skills and understanding to manage district finances,
- a lack of structure and staff to maintain their finances,
- a lack of clarity around the Treasurer's role to oversee the finances, and report to the Board and the public,
- a lack of clear guidelines for what each budget includes.

For example, a letter dated April 9, 2024 from the CFO (Appendix C), and policies shared at the April 10th Board meeting, outlined some of the areas where work is needed regarding their investment policies and the risks of not doing that work. The letter does a good job of detailing specifics. Among other concerns it addresses how a lack of financial expertise led to:

- housing the District's money in improper non-interest-bearing accounts which may have added up to \$300,000 in lost interest a year,
- 25 bank accounts racking up tens of thousands of dollars in unnecessary fees each quarter,
- a large portion of the district's money not being covered by the FDIC insurance that would protect taxpayer money from loss in a bank insolvency situation.

The Grand Jury applauds the recommendations outlined in the letter, and policies covered at the April and May 2024 Board meetings are a great start in the right direction.

MCHCD may also want to consider having the current CFO or someone of similar skill set to come in and do a brief financial review every three to four months for the next few years to ensure they are still on the right path and help with recommendations as issues arise.

Local Agency Formation Commission (LAFCo) is required to issue Municipal Services Reviews (MSR) on all special districts every five years. Part of those MSRs are a discussion of the financial health of the district. Mendocino LAFCo has not issued a MSR for MCHCD since 2014. If they had done so, some of the problems MCHCD is currently experiencing may have been recognized and addressed much earlier.

Finally, the Board needs to ensure that completing audits is a top priority; without the audits MCHCD will not be able to acquire a bond to do the retrofit.

Facilities Plan

As one of the core responsibilities of the District is to be landlord for the hospital building, the District needs a facility plan. Cooperation between MCHCD and Adventist is important to build a plan that includes but is not limited to:

- a plan for seismic retrofit,
- a prioritized list of facility issues including estimated costs, responsible party, etc,
- a list of potential future upgrades,
- a list of any inspections required and dates,
- a Problem Reporting Process for facility issues,
- a maintenance schedule.

A facilities plan should be clarified before lease negotiations happen later this year. Many of these items are included in the lease, so the clarifications may drive needed changes in the lease.

Public Input and Education

Public Education

The Grand Jury found through listening to public input during past Board meetings, discussions with members of the public, and interviews, that the public is struggling to understand the role and responsibilities of the MCHCD since affiliation with Adventist. For example, some still see MCHCD as responsible for their medical care at the hospital, or that MCHCD has authority over hospital policies or staffing. This misunderstanding could lead to difficulties in getting public support for Board actions, and in particular the effort to raise money for the hospital retrofit. An educational campaign on the MCHCD Board's new responsibilities and roles since affiliation can help clarify this with the public. Options could include things such as messaging on the website and during Board meetings, but given to low numbers of public who attend these meetings or visit the MCHCD website it may require more proactive activities such as announcements in the paper, town hall meetings, social media posts, and articles or interviews with media.

Public Input

The Board should be more proactive in getting general public feedback and input. Ideally the public would come to the monthly Board meetings to provide input. Board meetings are typically attended by the same two or three people each month. Though public input at Board meetings is extremely important, these few people cannot be seen as representative of the general public. In addition, the legal requirements and structure of a board meeting do not allow for the open discussion about the direction of healthcare on the coast that is needed. The same can be said for carefully crafted surveys. These have their role in gauging public opinion on specific issues, but are not a substitute for open public input and discussion.

The Board should go to the public rather than expecting the public to come to them, using for example: public town halls, social media, call in shows on the radio, or a booth at large community events. Subjects for these should include, but are not limited to, feedback and input on the role of the healthcare district, and priorities of healthcare needs on the coast.

In addition, the Grand Jury also suggests creating a Public Advisory Committee consisting of 10-20 people selected from around the district to consult, run ideas by, and ask for input from on an ongoing basis. The makeup could be two Board members, plus representation from the medical community, city councils, community leaders, and the general public.

After World War II, the government passed laws enabling "hospital districts" to build and manage hospitals in rural areas where there were none. In the late 1900s healthcare started changing, increasingly moving out of the hospital setting. In response, the California legislature changed the name to "health care districts" in 1994 and during that time many districts have actually closed or sold their hospitals and taken on a role of overseeing community health and wellness. The 2017

Little Hoover Commission report on special districts entitled “Special Districts: Improving Oversight & Transparency” gave special focus to healthcare districts in particular (starting on page 41) for a large portion of their report. (<https://tinyurl.com/Hoover-Report>)

In their report The Little Hoover Commission mentioned many findings and recommendations worth reviewing. However, the Grand Jury felt the need to call attention to one in particular; that there is an identity crisis in health care districts that have stopped running hospitals... MCHCD is not alone in this. The Grand Jury recommends that the Board and those interested in the public review the Little Hoover Commission report. Rather than figuring out how to do this on their own, the Board could reach out to other healthcare districts that have gone through selling or closing their hospital (examples: Petaluma and Sonoma, links in Bibliography), including looking at their websites and asking them for copies of their bylaws, policies, and opening discussions with them to share best practices.

Reaching out to other districts which have been through this, and to the public served by the District, can help bring focus to the MCHCD mission.

Long Term Plan

The Grand Jury encourages the MCHCD to continue to prioritize the retrofit, maintenance, and improvements of the hospital building, but also to build a strategic plan as to what is next with feedback from both the public, and Adventist Health. This plan might include items such as community health education, wellness/preventative care programs, support in public health emergencies, ways to improve healthcare access, improvements to the hospital and surrounding facilities, etc. The health care district for the Petaluma area (Healthy Petaluma) has a good example of a district strategic plan. (<https://tinyurl.com/3ncwhmbk>)

Since the public elects Board officials and pays for the operation of the Board, they should help guide the Board on its role in this new “post-hospital” world. The Grand Jury encourages the public to take this responsibility seriously; participate actively and vocally, thoughtfully and respectfully. This public input should be gathered and discussed within the Board for practicality, adherence to mission and funding. From that input, the Board needs to put together a plan that makes the priorities clear so the public can understand how public monies are to be spent.

This is another example of why adequate staffing is critical. Rather than the Board trying to come up with those options themselves during a public meeting under Brown Act requirements, staff can take the Board’s priorities, determine potential ways to implement those priorities, and bring those options back to the Board for review and approval.

A five-year strategic plan with specific goals, timelines, and realistic options about what will be done to achieve those would be ideal, but that will take a long time to put together. In the short term a preliminary high-level plan with ideas that are realistic and some possible ways they might be achieved can go a long way to helping the public understand why MCHCD is here and, more so, why they should support it.

FINDINGS

The Mendocino County Civil Grand Jury finds that:

F1. The Board struggled with the basics of organizational management and a lack of any significant progress on achieving core district goals for several years. However, the Grand Jury found that beginning in 2024 they turned a corner and improvements are happening quickly. The Board is to be commended for these improvements.

F2. All versions of the Bylaws found contained a section that stated, “At least three signed copies of the Bylaws shall be maintained on file in the District office and a current copy maintained on the district website. Each director shall be given a copy of the Board Bylaws and Policy Manual.” It was clear that Directors had neither received the Bylaws nor the Policy Manual.

F3. It is unacceptable that a copy of the Bylaws, properly approved by Board vote, signed and dated by the Secretary, and documented in the minutes, could not be found.

F4. All the versions of the MCHCD Bylaws the Grand Jury viewed contained most of what is needed; however, the Bylaws still need work and do not meet the current role and structure of the District.

F5. Without a usable Policies Manual, significant issues with finances, recordkeeping, comity, etc. hampered the Board from completing their duties to the public.

F6. Some agendas and many meeting minutes were missing from the website and Board records. This delayed and could jeopardize the audits and, therefore, the retrofit project.

F7. There were no audits conducted for several years, placing the District in a precarious legal and financial position, and contributing to significant public distrust because of the lack of transparency.

F8. There are several versions of the Mission Statement on the website and in Board documentation. It’s not clear what the current approved Mission and Vision statements are, and none of them properly reflect the MCHCDs current role, hindering its ability to function cohesively.

F9. The Board has done little to educate and inform the public about the Board’s new role and mission since the affiliation with Adventist Health, causing confusion and contributing to mistrust in the public.

F10. Violations of Brown Act: Meeting agendas did not have an appropriate level of detail and attachments were missing. There were also concerns by the public that serial meetings between some of the Board members were happening. There has been a clear effort by the Board in 2024 to address these issues and they are to be commended.

F11. LAFCo has not issued a Municipal Service Review since 2014 even though they are required every five years.

F12. After two years of struggling to complete the volume of work required of them, the present Board voted 4-1 to hire or contract with an agency administrator (general manager), and contracted with a financial expert as a temporary CFO. This staff support has made clear improvements in progress toward the district goals.

F13. The budgets have no written guidelines that could be shared with the Grand Jury and there was a lack of clarity about use of funds.

F14. The Board has not proactively reached out to the general public in an open forum for their input and discussion regarding the public needs, the future of healthcare at the coast, or the role of the MCHCD.

F15. The Board has struggled to create from scratch what has already been successfully implemented in other health care districts.

F16. It is unacceptable that there is no Bylaws or Policy requirement to take AB1234 Brown Act and Ethics training, or official record that all Board directors had taken the required AB1234 training.

F17. The public has continually expressed concerns with transparency and with the financial management capabilities of the Board.

F18. Incoming Board members are not expected to have the knowledge necessary to run a health care district, but little training or support is provided to bring them up to speed.

F19. While due focus has been given to the retrofit, the Board does not have a comprehensive facilities plan and therefore have been more reactive than proactive in their maintenance responsibilities as a landlord.

F20. The lack of a five-year strategic plan has contributed to public confusion regarding the role and mission of the MCHCD, and the lack of a clearly outlined future path has prevented the public from having faith that the Board is leading the district in the right direction.

RECOMMENDATIONS

The Mendocino County Civil Grand Jury recommends that the MCHCD Board:

R1. Update Bylaws, vote for approval and document in minutes, sign, date, and post on the MCHCD website. Distribute to all Board Directors. *Complete by: August 31, 2024.* (F2, F3, F4)

R2. Include in MCHCD Bylaws or Policies a requirement that all Board members take a Brown Act and Ethics training that meets AB1234 requirements upon taking office, and post verification of completion on the website. *Complete by: August 31, 2024.* (F16)

R3. Update or create MCHCD Policies, including, but not limited to: IT and Security, Document Retention and Handling, Financial Record Keeping and Reporting, Board Administration, and Comity. Approve, sign, date, post on the website, and distribute to all Board Directors. *Complete by: November 30, 2024.* (F2, F5)

R4. Agree and vote upon the mission statement of MCHCD. Post it on the website and include it in the MCHCD Bylaws and in the Policies Manual. *Complete by: October 31, 2024.* (F8, F9)

R5. Complete all tasks needed to enable auditors to complete audits for the last three years (this includes providing all missing minutes and agendas, approved, signed, and posted on the website). *Complete by: November 31, 2024.* (F6, F7)

R6. Complete an educational campaign for the public to help them understand the Mission and scope of authority of MCHCD. *Complete by: December 31, 2024.* (F9)

R7. Initiate community outreach as outlined in Discussion to gain insight into public priorities and needs. *Initiate by: December 31, 2024.* (F14)

R8. Post minutes and agendas in a timely manner, and adhere to Brown Act requirements regarding agendas, and meetings. *Complete by: August 1, 2024.* (F6, F10)

R9. Provide adequate professional staffing (i.e., a full-time general manager, and part time admin and finance support) to support the Board. This could be accomplished using a consultant model, hiring support staff, or some combination of the two. *Complete by: December 31, 2024.* (F12)

R10. Take advantage of CSDA certification programs: (F17)

- A. Get CSDA Transparency Certificate of Excellence, and a District of Distinction Accreditation. *Complete by: April 1, 2025.*
- B. Encourage at least one member of the Board annually to get a Certificate of Special District Governance to serve as a resource for the Board. *Complete by: Ongoing.*
- C. If a permanent General Manager (Director) is hired, encourage them to get a Special District Essential Leadership Skills Certificate. *Complete by: Ongoing.*

R11. Gather and provide training options to new Board members upon election or appointment, as outlined in Discussion. *Complete by: Ongoing* (F18)

R12. Define and vote on the guidelines for using funds from all budgets. *Complete by: December 31, 2024.* (F13)

R13. Create a public advisory committee of 10-20 members of the public as described in the Discussion section. *Complete by: December 31, 2024.* (F14)

R14. Review other health care district's websites and open dialogue with other health care district boards and the CSDA regarding ideas for policies, bylaws, and best practices. *Complete by: May 1, 2025.* (F15)

R15. Clarify and develop the facilities plan before lease negotiations begin later this year. *Complete by: before signing of new lease* (F19)

R16. Develop a five-year MCHCD Strategic Plan. *Complete by: April 30, 2025.* (F20)

R17. Develop an onboarding process and manual that outlines the expectations of Board members (roles and responsibilities), requirements (such as Brown Act and Ethics), and resources available (such as training). *Complete by: April 30, 2025.* (F18)

The Grand Jury recommends that Mendocino LAFCo:

R18. Provide a Municipal Service Review on MCHCD on a priority basis. *Complete by December 2024* (F11)

RESPONSES

Pursuant to California Penal Code §§ 933 and 933.05, the Civil Grand Jury requests each entity or individual named below to respond to the enumerated Findings and Recommendations within specific statutory guidelines.

Responses to Findings shall be either:

- The respondent agrees with the finding.
- The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.

Responses to Recommendations shall be one of the following:

- The recommendation has been implemented, with a summary regarding the implemented action.
- The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
- The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency where applicable. This time frame shall not exceed six months from the date of the publication of the Civil Grand Jury report.
- The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

REQUIRED RESPONSES - Within 90 days

MCHCD Board of Directors: (F1-F10, F12-F20) and (R1 - R17)

Mendocino LAFCo: F11 and R18

Responses are to be sent to:

The Honorable Judge Ann Moorman
Mendocino County Superior Court
100 North State Street, Dept. E Ukiah CA 95482

Office of the County Counsel
County of Mendocino
501 Low Gap Road, Room 1030 Ukiah CA 95482

Mendocino County Civil Grand Jury
County of Mendocino
501 Low Gap Road, Room 1030 Ukiah CA 95482

IMPORTANT NOTE ABOUT CIVIL GRAND JURY FINDINGS

The Civil Grand Jury derives Findings from testimony and evidence. All testimony and evidence given to the Civil Grand Jury remains confidential by law, and it is the Civil Grand Jury's responsibility to maintain it. California Penal Code § 929 provides "... the name of any person, or facts that lead to the identity of any person who provided information to the Civil Grand Jury, shall not be released." Further, 86 Ops. Cal. Atty. Gen. 101 (2003) prohibits Civil Grand Jury witnesses from disclosing anything learned during their appearance including testimony given. This is to ensure the anonymity of witnesses and to encourage open and honest testimony.

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Mendocino LAFCo - <https://mendolafco.specialdistrict.org/>
CA LAFCo - https://calafco.org/About_LAFCOs
California Special Districts Association - <https://www.csda.net/>
California Fair Political Practices Commission - <https://www.fppc.ca.gov/>
Association of California Healthcare Districts - <https://www.achd.org/>
Little Hoover Commission Report on CA Special Districts - <https://lhc.ca.gov/report/special-districts-improving-oversight-transparency/>

Other local districts who have gone through selling or closing a hospital:

<https://nschd.com/>

<https://healthypetaluma.org/our-district>

Healthy Petaluma Strategic Plan -

<https://static1.squarespace.com/static/633b6c9e8e752b794dfe94e3/t/6424bafc65cb4b5322d23bc/1680128768712/Strategic+Plan.pdf>

APPENDICES

Appendix A

MCHCD History (from MCHCD.org):

Special Hospital Districts:

In the aftermath of World War II, California faced a severe shortage of hospital beds and most rural areas had almost no access to basic hospital and health care services.[1] In response, the California legislature enacted the Local Hospital District Law that allowed communities to create a new government entity, a special hospital district, that had the power to impose property taxes, issue debt, hire staff and so on in order to provide acute care. The legislature amended this law in 1994 and renamed these special districts as “health care districts”, reflecting that health care was increasingly being provided outside of the hospital setting.

The first step in creating these new districts was for a group of community members to petition the county Board of Supervisors to submit a ballot measure to the voters. Residents within the proposed district boundaries would then approve the formation of the district with interim Directors appointed by the Board of Supervisors. At the next opportunity, members of the five-person Board of Directors would be directly elected by the people. By 1985 and a number of legislative changes, creation of new healthcare districts became the responsibility of Local Agency Formation Commissions (LAFCo).

The Mendocino Coast Health Care District (the “District”), which stretches from Westport in the north to Gualala in the south, was formed on January 1, 1967. The District then constructed an Acute Care Hospital which was dedicated on June 26, 1971. The original facility is still in operation today, nearly 50 year later. The hospital has 49 licensed beds.[2] However, as will be explained, Critical Access Hospitals like our Coast hospital are limited to using only 25 acute care beds.



Rural Health Care and its Changing Environment:

In its early years, the Coast hospital thrived on the basis of a strong local economy, bolstered by the Georgia-Pacific mill and commercial fishing. The majority of patients at the hospital had private insurance and between insurance revenues and the property tax, the hospital experienced financial success.

This would continue until the early 2000s when significant changes in the local economy and in health care finances finally culminated. The local economy was hurt by the closure of the G-P mill site in 2002. At the same time, commercial fishing was undergoing significant changes that led to the closing or downsizing of fisheries. The loss of these jobs and the accompanying private insurance meant that taxes and insurance revenues were not enough to pay for the rising costs of health care. In 1971 when the hospital first opened its doors, these costs were 6% of the GDP but are today 20%. To contain the cost of health care, insurance companies began using carefully controlled contractual relationships with providers and Medicare and MediCal began implementing their own cost-saving strategies.

By the late 1990s, almost all rural hospitals were struggling financially. To provide financial support for these hospitals, the Critical Access Hospital (CAH) program^[3] was created in 1997 as part of the Balanced Budget Act. The program is intended to improve the finances of small hospitals in rural areas that if closed would result in residents travelling a long distance to receive emergency care. The primary feature of this program is that it allows Medicare to reimburse hospitals for nearly 100% of their costs, regardless of how many patients it sees. The Coast hospital was converted to a CAH in order to take advantage of the better reimbursements. The hospital is today a 25-bed CAH and nearly 85% of its patient revenues come from Medicare or MediCal.

Bankruptcy and Continuing Financial Struggles:

Nonetheless, the cost of operating the hospital continued to exceed revenues. Another change was taking place that adversely affected hospital finances everywhere. This was the migration of patients from overnight hospital care (inpatient services) to care that was provided in clinics or did not require overnight stay (outpatient care). This resulted in declining revenues since reimbursement rates for outpatient care, until recently, were much less. As of today, 20% of the patients served by District's facilities are inpatients and 80% are outpatients, a near reversal in the numbers.

This came to a head when between July and December of 2012, the District lost \$1.9 million and had only three days of cash on hand. As a result, the District filed for Chapter 9 bankruptcy in November of 2012.

In 2014, the District emerged from bankruptcy with \$14M in cash but more long-term debt. In 2018, the voters approved a new parcel tax which would contribute \$1.6M a year to the hospital's bottom line. Despite this the hospital's finances continued to deteriorate and in early 2020, a combination of layoffs and other cost cutting measures was necessary to bring the budget back in balance.

There remained clouds, however, over the hospital – the further aging of the hospital due lack of money for major maintenance, a pending seismic retrofit for all facilities and an inability to recruit providers.

Maintaining the Hospital and Affiliation:

Despite the significant cost reductions, it was increasingly clear that the District would be financially unable to maintain the hospital for which there was a \$15M backlog of repairs. Nor would it be able to set aside enough money to pay for the cost of upgrading the facilities (current estimate is \$30M) to the higher seismic standards imposed on all hospitals after the Northridge earthquake of 1977 which saw a hospital there to collapse causing multiple fatalities. After several postponements, the state legislature has mandated these upgrades be completed by 2030.

Moreover, even if the District found a way to fund these facility needs, it was recognized that the result would only keep the existing hospital open without any improvement in health care.

Due to the uncertainty surrounding the hospital's finances and future, the District found that it could no longer successfully recruit providers. The threat was that providers would leave and not be replaced, triggering a quick collapse of the District's revenues.

The solution to these multiple problems was to affiliate with a large health network with stable financial and professional resources. In August of 2019, the Board of Directors resolved to affiliate with the Adventist Health Network. Later in November 92% of the voters provided a resounding vote of approval. Adventist Health (AH) officially took operational control of the hospital, clinic and other services on July 1, 2020.

Affiliation is governed by a Lease Agreement in which AH provides the District with lease income that increases over time. These lease payments in conjunction with tax revenues will be enough to pay off all of the District's long-term debt and to pay for the cost of the seismic upgrades (or be a down payment on a new facility.)

The Future:

The primary mission of the District is to ensure the continuity of essential health care in the coastal communities. When seen in that light, the affiliation with AH is a major accomplishment. However, the District must maintain diligent oversight of affiliation but also do what it can to ensure the success of AH.

After relinquishing operational control of the hospital, clinic and other services to AH, the District is in the process of reorganizing itself and seeking new opportunities to contribute the health and well-being of our community.

December 2020

Appendix B

MCHCD Mission Statements:

From the website – About Us section (early 2024):

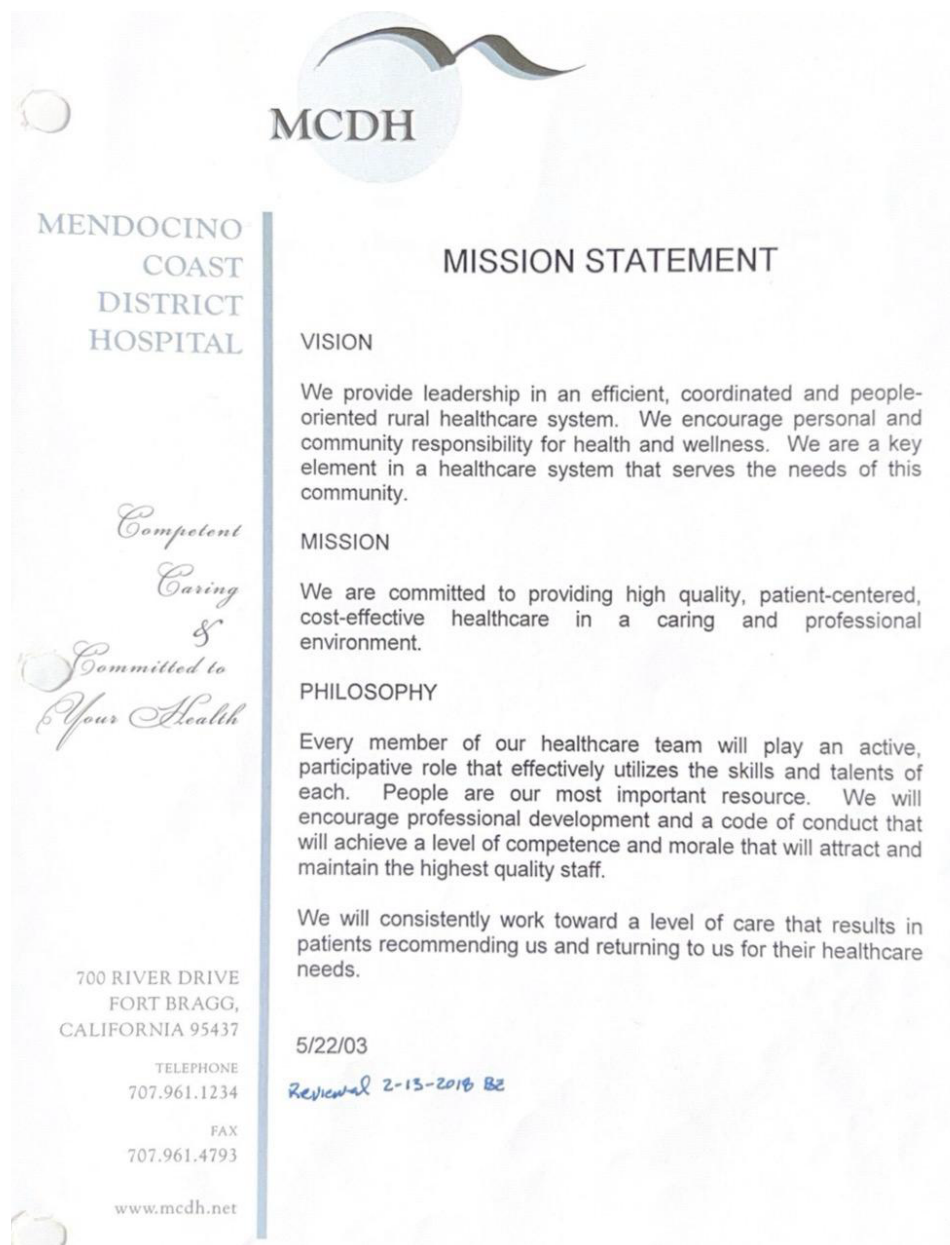
“The purpose of the Mendocino Coast Health Care District has been and continues to be to ensure the continuity of essential health care in the remote communities on the Mendocino Coast.” ... “The primary mission of the District is to ensure the continuity of essential health care in the coastal communities.”


From Bylaws:

“The mission of the Board is to

- a. Ensure that the resources of the Health Care District are used in the best interests of the public.
- b. Meet its financial, contractual and regulatory obligations.
- c. Implement and support programs providing they are congruent with regulations and existing contracts.
 1. Ensure that the district maintain its fiscal solvency with its limited resources.
 2. The bylaws and the mission should be reviewed annually for continued relevance”

From the MCHCD website 2024:




MCDH

MENDOCINO
COAST
DISTRICT
HOSPITAL

*Competent
Caring
&
Committed to
Your Health*

700 RIVER DRIVE
FORT BRAGG,
CALIFORNIA 95437

TELEPHONE
707.961.1234

FAX
707.961.4793

www.mcdh.net

MISSION STATEMENT

VISION

We provide leadership in an efficient, coordinated and people-oriented rural healthcare system. We encourage personal and community responsibility for health and wellness. We are a key element in a healthcare system that serves the needs of this community.

MISSION

We are committed to providing high quality, patient-centered, cost-effective healthcare in a caring and professional environment.

PHILOSOPHY

Every member of our healthcare team will play an active, participative role that effectively utilizes the skills and talents of each. People are our most important resource. We will encourage professional development and a code of conduct that will achieve a level of competence and morale that will attract and maintain the highest quality staff.

We will consistently work toward a level of care that results in patients recommending us and returning to us for their healthcare needs.

5/22/03
Review 2-13-2018 BE

Appendix C

CFO letter:

APRIL 9, 2024

ATTN: MENDOCINO COAST HEALTH CARE DISTRICT
BOARD OF DIRECTORS
RE: COMPLIANCE REPORT FINDINGS

Good afternoon, let me begin with thanking each of you for attending a special Board meeting. I do respect your time and effort to participate in this meeting and it is very much appreciated.

I am going to review with you a very important investment policy. The policy is really a blend of policy statements with implementation steps to launch the actual investments.

Regarding investing, the key takeaway I want to stress with you: there must be a very disciplined focus on three pillars named **safety, liquidity and yield** and in that priority order. I repeat safety, liquidity and yield.

When a District has surplus funds to invest it must abide by the California government statute number 53000 (titled investment of surplus).

The policy you are being asked to approve today complies with that statute.

.....

I have been reviewing the District’s investment procedures for the last two weeks with the support and cooperation of Kathy.

The compliance findings of that review were disturbing because:

- (1)** funds in all three banks (Tri-Counties Bank, Bank of America and California Bank of Commerce) were at risk for loss of principal dollars with no FDIC insurance (a **safety** issue),
- (2)** funds at the CBC bank were at risk of a delay in the timely payment of withdrawals (a **liquidity** issue) and
- (3)** zero interest income yields on certain accounts (a **yield** issue).

I find it just a little bit unbelievable and shocking that all three pillars of a solid investment policy are being violated currently: safety, liquidity and yield.

Regarding #1 a safety issue- if a bank has a solvency situation and goes into bankruptcy or even liquidation, the District’s funds are only insured for the FDIC limit of \$250K. the deposits at the three banks that are at risk with no FDIC coverage total \$6.8M.

This lack of safety for principal dollars could be considered as negligence.

Regarding #2 a liquidity issue- per the CBC agreement if the receiving banks fail to meet withdrawal requests timely to the custodian bank (CBC), the funding of all or a portion of the District’s withdrawal request could be delayed.

This lack of liquidity could be considered as negligence.

Regarding #3 a yield issue- the money lost from having no interest income yields cannot be recovered. In finance terms, it is referred to lost opportunity cost.

Lost opportunity cost means that a potential gain is sacrificed when the District chose one option over another (no interest income returns vs. a 5% interest achievable return).

You may be thinking no big deal if we lost a little bit of interest income. Unfortunately, it is a very significant dollar amount.

My name for cash that is not earning any investment yield is idle cash. It is like idle hands. It can become a problem for the District.

About \$4.2M of idle cash was invested at the California Bank of Commerce and about \$1.8M of idle cash at the other two banks (Tri Counties Bank & Bank of America) for a total of \$6.0M in idle cash.

The lost annual interest returns on that \$6.0M at 5% would be \$300,000 or the equivalent of \$822 every single day. If the average worker is making \$60,000 per year that \$300K lost annual interest is the equivalent of the annual salaries combined for five workers.

This lack of investment yield dollars could be considered as negligence.

Fortunately, these possible negligent defaults were discovered and have been quickly rectified by transferring the funds to the LAIF account where their safety, liquidity and yield will be complying with the California statute. All of the transfers should be completed no later than Friday, April 12, 2024.

I reviewed the LAIF account and it was not a compliance issue.

OK, let us review the policy document now: I will move thru the pages as rapidly as I can and will be focusing on the areas that I have yellow highlighted. If you have questions, please stop me and we can discuss it at that time.

Respectfully submitted,



Wayne C. Allen, CFO

Appendix D
Policy Manual Table of Contents



MENDOCINO COAST DISTRICT HOSPITAL

**Mendocino Coast Health Care District
Board of Directors
Manual
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MINUTES OF THE FINANCE ADVISORY COMMITTEE

MENDOCINO COAST HEALTH CARE DISTRICT

Thursday, June 20, 2024 - 1:00 PM

MCHCD Office, Adventist Health Mendocino Coast Hospital Campus
775 River Drive, Fort Bragg, CA.

1. OPEN SESSION

1a) The meeting was called to order at 1:07 pm. This meeting was held in-person and by teleconference in accordance with the Brown Act.

Committee Present: Chair Sara Spring via Zoom, and Susan Savage

Members of the public Present: Terry Ramos, Linda Williams, Malcolm MacDonald, Lee Finney, R. Anthony.

Management Team: CFO Wayne Allen and Agency Administrator Katharine Wylie, MS Ed.

2. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Ms. Williams questioned a payment transaction in the amount of \$216,825, initiated by Treasurer Spring and approved by Rick Wood, CSDA.

3. REGULAR CALENDAR

3a) The committee discussed the Draft MCHCD Statement of Annual Projected Cash Flow - Five Years (FYE 06/30/2025 thru 06/30/2029), as presented by CFO Allen. There was no consensus on a recommendation for the Board.

Committee Member Spring stated she would not vote for a budget that included an extension of the RGS contract.

Mr. Ramos commented on the necessity of the Board's retention of staff by extending the RGS contract, and the exceptional work recently performed by the CFO and the Agency Administrator, to bring the board's finances back to order.

3b) The committee discussed the Draft Fiscal 2024/2025 MCHCD Board Operations Budget, as presented by CFO Allen. The committee discussed adding a \$25,000 budget item for Board



training and education, and increasing the board Health Reimbursement Account to \$36,000. There was no consensus on a recommendation for the Board.

Mr. MacDonald commented on past board budgets.

3c) The committee discussed the Recap of the Treasury Bill Inventory Portfolio (Restricted Capital Fund) and Operations Cash Report as of 06/18/2024, and recommended by a vote of 2:0 that the Board adopt a monthly report with the same format, with the addition of a footnote about Rollovers.

3d) The committee discussed the DZA Audit Engagement Letter for the three Fiscal Years: 06-30-2021, 2022 & 2023, and a Single Audit for the Cares Act receipts, and recommended by a vote of 2:0 that the Board execute the contract.

3e) The committee discussed the May 2024 Check Register and recommended by a vote of 2:0 that the Board adopt a monthly report with the same format.

The committee discussed the list of monthly invoice reporting to the board. The committee recommended by a vote of 2:0 that invoices will be listed in the Board Meeting agenda packet, with a link provided for access to copies of the monthly paid/unpaid invoices.

3f) The committee discussed the role of the MCHCD Board Treasurer.

Committee Member Savage commented that besides the Treasurer, the Board Chair should be the other member of the Finance Committee. Committee Member Spring stated that she had not been consulted about any Treasury matters during the month of June.

Committee Chair Spring commented on the need for Board training; the CFO will research qualified trainers to describe the proper roles and responsibilities of the Board Officers.

Ms. Williams commented on the lack of proper reporting of Board Finances this year, prior to the Board's employment of professional staff.

4. ADJOURNMENT

The next Regular Meeting of the Finance Advisory Committee will be held on August 15, 2024, at 1:00 pm, at the MCHCD Office, 775 River Drive, Adventist Health Mendocino Coast Hospital, Fort Bragg, Ca.

Dated: June 21, 2024

Katharine Wylie, MS Ed
Agency Administrator, MCHCD

Mendocino Coast Health Care District
 Annual Operations Budget for FY 2024/2025
DRAFT- FOR DISCUSSION PURPOSES ONLY
 FYE 06-30-2025
 Updated: June 18, 2024

FYE 06-30-25

Sources of Cash:

Distribution from Cash Flow

	<u>\$475,000</u>
Total Sources	<u>\$475,000</u>

Uses of Cash:

Purchased Services- RGS Administrative
 Purchased Services- RGS Support Resources
 Projects/Consultants
 Purchased Services- Audit
 Purchased Services- Legal
 Board Elections Fee
 Purchased Services- Financial Oversight
 Purchased Services- Bookkeeping
 Bond Trustee Fee
 Board Meetings & Postings
 Board Benefits
 Insurance (D & O and General Liability)
 Office Expenses (Supplies/Postage/Mendo Litho)
 Communication Expenses (Phone/Fax/Internet/Email/Zoom)

	\$118,800
	\$25,000
	\$50,000
	\$85,500
	\$36,000
	\$32,000
	\$27,000
	\$15,960
	\$3,075
	\$7,200
	\$24,427
	\$37,056
	\$6,600
	<u>\$4,680</u>
Total Uses	<u>\$473,298</u>
	<u>\$1,702</u>
Deficit	<u>\$1,702</u>

Comments:

\$13,200 per mo. 1st 6 mos. & \$6,600 per mo. 2nd 6 mos.
 Not to Exceed
 To Be Determined
 Fiscal Years ending 06-30-2021,2022 & 2023
 \$3,000 per month
 Four Board Members up for Election in November 2024
 6 mos @ \$3,000 per mo. & 6 mos @ \$1,500 per mo.
 Acctg \$1130 per mo.; Quick Books software \$200 per mo.
 BNY Mellon
 \$400 per mo. video recordings & \$200 per mo. translation
 HRA
 Actual Quotations
 \$450 per mo. Mendo Litho; \$100 per mo. Supplies
 \$40 per mo. Zoom; \$50 per mo. Email; \$50 per mo. Phone;
 \$250 per mo. Streamline Webservice

Mendocino Coast Health Care District
Statement of Annual Projected Cash Flow- 5 Years
DRAFT- FOR DISCUSSION PURPOSES ONLY
FYE 06-30-2025 thru FYE 06-30-2029
Updated: June 18, 2024

	FYE 06-30-25	FYE 06-30-26	FYE 06-30-27	FYE 06-30-28	FYE 06-30-29	TOTAL
Sources of Cash:						
Measure C- expires June 30, 2030 (1)	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$7,750,000
District Tax Receipts	\$925,000	\$925,000	\$925,000	\$925,000	\$925,000	\$4,625,000
AH Lease Payment (+2% annual CPI begins FYE 06-30-2027)	\$1,750,000	\$2,950,000	\$3,009,000	\$3,069,180	\$3,130,564	\$13,908,744
Total Sources	\$4,225,000	\$5,425,000	\$5,484,000	\$5,544,180	\$5,605,564	\$26,283,744
Uses of Cash:						
CapEx/Deferred Maintenance & Replacement Expenditures - Lease Improvements Fund (+2% annual CPI) and Measure C Parcel Tax Revenue Account	\$2,251,024	\$2,296,044	\$2,341,965	\$2,388,805	\$2,436,581	\$11,714,419
Revenue Bonds- Refinanced 2016 (2)	\$462,550	\$564,750	\$561,500	\$562,250	\$561,750	\$2,712,800
HELP II Loan (3)	\$165,624	\$165,624	\$165,624	\$165,624	\$12,250	\$674,746
Total Uses	\$2,879,198	\$3,026,418	\$3,069,089	\$3,116,679	\$3,010,581	\$15,101,965
Cash Available for Distribution	\$1,345,802	\$2,398,582	\$2,414,911	\$2,427,501	\$2,594,983	\$11,181,778
Less Distributions:						
Restricted Capital Fund	\$870,802	\$2,048,582	\$2,064,911	\$2,077,501	\$2,244,983	\$9,306,778
District Operations Budget	\$475,000	\$350,000	\$350,000	\$350,000	\$350,000	\$1,875,000
Total Distributions	\$1,345,802	\$2,398,582	\$2,414,911	\$2,427,501	\$2,594,983	\$11,181,778

Restricted Capital Fund							
	Beginning Balance July 1, xxxx	\$13,243,000	\$14,775,952	\$17,452,511	\$20,171,891	\$22,753,690	
ADD: Current Year Distribution		\$870,802	\$2,048,582	\$2,064,911	\$2,077,501	\$2,244,983	\$9,306,778
Investment Income (5.00%,4.25%,3.75%,2.50%,2.50%)		\$662,150	\$627,978	\$654,469	\$504,297	\$568,842	\$3,017,737
LESS: Expenditures		\$0	\$0	\$0	\$0	\$0	\$0
	Ending Balance June 30, xxxx	\$14,775,952	\$17,452,511	\$20,171,891	\$22,753,690	\$25,567,515	

- (1) Sunset provision of 12 years and must be used for voter mandated purposes. Expires year ending June 30, 2030.
(2) Paid Off - June 2029
(3) Paid Off - August 2028



June 04, 2024

Wayne Allen
Mendocino Coast Health Care District
775 River Drive
Fort Bragg, California 95437

We are pleased to confirm our understanding of the services we are to provide Mendocino Coast Health Care District (the District) for the years ending June 30, 2021, June 30, 2022, and June 30, 2023.

Our acceptance of the audit engagement is conditioned on satisfactory engagement acceptance procedures, including inquiries of the predecessor auditor.

Audit Scope and Objectives

We will audit the financial statements of the District, which comprise the statement of net position as of Year Ends, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the disclosures.

Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditors' report on the financial statements:

- Schedule of expenditures of federal awards.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles (GAAP) and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement of a reasonable user made based on the financial statements. The objective also includes reporting on —

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditors' Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of your accounting records, a determination of major programs in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable amount of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures — Internal Control

We will obtain an understanding of the entity and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures — Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the District in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement, schedule of expenditures of federal awards, and related notes previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements.) Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is responsible for making all financial records, including the schedule of federal awards, and related information available to us and for the accuracy and completeness of that information, including information from outside of general and subsidiary ledgers. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as: records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review at the beginning of audit fieldwork.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management’s responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors’ reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors’ reports or nine months after the end of the audit period.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of DZA PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the regulatory agency, cognizant or oversight agency for the audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of DZA PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Sharefile is used solely as a method of exchanging information and is not intended to store the District’s information. At the end of the engagement, DZA PLLC will provide the District with a copy (in an agreed-upon format) of deliverables and data related to the engagement from the Sharefile.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by a regulatory agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in approximately June 15, 2024, and to issue our reports no later than September 2024. Kami Matzek is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be as follows:

2021 Audit	\$26,000
2022 Audit	\$26,000
2023 Audit	\$26,000
Single Audit (for any year)	\$7,500

We reserve the right to bill up to \$4,000 out of scope without prior approval if necessary.

Our fee for the Uniform Guidance Single Audit includes one major program to be audited. Each additional major program will increase our fee by \$6,000.

Out-of-pocket travel and shipping costs will be billed at our cost in addition to the above fees.

Travel time will be billed in addition to the above fees at hourly rates ranging from \$80 to \$180 per hour.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2022 peer review report accompanies this letter.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to management and those charged with governance of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express an opinion or withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to Mendocino Coast Health Care District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please print and sign a copy and return to us.

DZA PLLC



Kami Matzek, CPA
Owner

RESPONSE:

This letter correctly sets forth the understanding of Mendocino Coast Health Care District.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



Report on the Firm's System of Quality Control

To the Members of
Dingus, Zarecor & Associates PLLC
and the Peer Review Committee of
the Colorado Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Dingus, Zarecor & Associates PLLC (the firm) in effect for the year ended November 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of the applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Dingus, Zarecor & Associates PLLC in effect for the year ended November 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Dingus, Zarecor & Associates PLLC has received a peer review rating of *pass*.

KraftCPAs PLLC

KraftCPAs PLLC

May 30, 2023



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

June 11, 2024

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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.



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TO: BOARD OF DIRECTORS **BOD Meeting: 06/27/2024**
FROM: Paul Garza, Board Chair **Item: 2e**
SUBJECT: REVIEW AND CONSIDER APPROVAL OF EXTENSION OF REGIONAL GOVERNMENT SERVICES ADMINISTRATION SERVICES.

RECOMMENDATION

Board Action to consider and approve an amendment to the existing contract for administration services with Regional Government Services Authority.

BACKGROUND

Since affiliation with Adventist Health in 2020, the District Board has operated without any administrative staff support. Since then, despite the best efforts of Board members, the mandatory administrative work of compiling timely and transparent Board and standing committee agendas, preparing minutes, and developing and adopting compliant and effective policies for the actions of a Board that is no longer responsible for healthcare operations has not been successfully accomplished on a consistent basis. The mandatory financial records and activities of the District have also fallen behind.

In December of 2023, the Board retained Regional Government Services Authority (RGS), a JPA providing administration consulting services to other public agencies to begin to address these issues, particularly the effective use of Board meetings to accomplish necessary work, and to provide transparency to the community. In March of 2024, the Board retained a contract CFO to address significant defects in financial management and records. RGS and the contract CFO are working effectively together to provide both management of the District's paper records and separation of accounting roles to provide maximum security and transparency in this essential function.

Since December 2023, RGS has accomplished a range of projects for the District, and established best practices for many essential activities. (See attached RGS Accomplishments Report.)

On June 11, the assessment of the District's administration systems was delivered to me (attached). RGS further proposed to extend their service agreement with the District for an additional 12 months (through June 30, 2025) in order to accomplish critical foundational guidance for the District, including a strategic plan, completion of appropriate policies for an administrative rather than operational health care district, and a staffing plan to ensure

effective ongoing support for the Board’s mission and goals. On June 18, the Grand Jury of Mendocino County issued a report directed to the District, entitled “Sick, But Returning to Health”, identifying substantially similar issues of concern, and recommending similar actions to address them. (See Attachments for Agenda Item 3b, this meeting of June 27, 2024.)

ANALYSIS

It is clear that the work needed for accurate, compliant and transparent administration exceeds the capacity and often the expertise of a part-time unpaid Board drawn from throughout the community. The District has a critical and immediate need to respond to the Grand Jury report, and this response will need to identify a credible approach to address the identified deficiencies.

Extending the District’s agreement with RGS through June 30, 2024 will allow the District to complete critical work of establishing appropriate and compliant policies and practices that align with its current role, provide a strategic framework for serving the health care needs of the community, and identify an appropriate path to ensure that the District remains an effective and vital contributor to the wellbeing of the Mendocino Coast.

Failure to take this action not only jeopardizes the District’s immediate ability to respond to the Grand Jury, and to convene transparent and compliant Board meetings as scheduled, it leaves the District vulnerable to a range of legal and financial consequences are regulatory requirements are not met, and undermines public trust and confidence in the District’s ability to sustain healthcare access for this community.

A draft amendment and revised scope of services to amend and extend the RGS contract is attached for the Board’s consideration.

FISCAL IMPACT

The funds to retain these services through the coming fiscal year have been included in the FY24-25 budget, as shown in Agenda Item 3c) for this meeting of June 27, 2024.



**REGIONAL
GOVERNMENT
SERVICES**

SERVING PUBLIC AGENCIES SINCE 2002

**AMENDMENT NO. 1 TO MANAGEMENT AND ADMINISTRATIVE
SERVICES AGREEMENT**

This first amendment to the Management and Administrative Services Agreement between the **MENDOCINO COAST HEALTH CARE DISTRICT** (“Agency”) and Regional Government Services Authority, hereinafter called “RGS” is made and entered into this 27th day of June 2024.

RECITALS

The Agency and RGS entered into an Agreement for services dated December 23, 2023. This Amendment is entered into with reference to the following facts and circumstances:

- A. **Section 2.1, Term of Agreement and Termination**, is amended to extend the anticipated completion date to June 30, 2025.
- B. **Section 3, Compensation**, is amended to increase the Not To Exceed (NTE) amount by \$168,800, to a revised total of \$286,200.
- C. **Exhibit B, Scope of Services**, is replaced in its entirety by the attached Exhibit B-1.
- D. All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Additional Services Amendment to be executed on the date first above written by their respective officers duly authorized in that behalf.

Dated: _____

Dated: _____

Agency

RGS

Paul Garza, Chair of the Board of
Directors

Sophia Selivanoff, Executive Director

RGS provides quality, innovative, cost-effective services exclusively to public agencies.

Main 650.587.7300 Fax 650.587.7311 P.O. Box 1350 Carmel Valley, CA 93924

www.rgs.ca.gov

Exhibit B-1

Scope of Services

1. Agency administration services

- Includes an average of 40 service hours per week through December 31, 2024; and an average of 20 hours per week from January 1, 2025 through June 30, 2025.
- Key activities include but are not limited to:
 - Prepare reports and agendas for Board and committee meetings in Consultation with the Board Chair in accordance with agency By-laws.
 - Arranging relevant presentations, information, updates, and analysis for Board consideration at meetings.
 - Coordination of committee and Board activity and communication.
 - Facilitating the policy decisions and priorities of the District's Board of Directors.
 - Coordinate District administrative and project activities with other contracted service providers, District partnering organizations including Adventist Health, and others.
 - Ensure District records are maintained in compliance with applicable law and Board policy.
 - Serve as an information provider for the District's residents via website updates, press releases, and other means; attend meetings with community stakeholders, and represent the District at public and professional functions as needed.
 - As mutually agreed between the District and RGS, maintain office hours, District communications access, and ensure the office is a functional and usable space.
 - As requested by the Chair, provide local support for and facilitate the actions of the District's contracted CFO.

2. Supplemental administration consulting and support services

- Service hours vary, based on agency needs, requests, and events.
- Key activities include but not limited to:
 - Facilitate timely and compliant governance meeting practices; production of Board actions and minutes.
 - Compliance with Public Records Act requests in appropriate collaboration with District counsel.
 - Prepare RFP's and other procurement processes
 - Develop, negotiate, and monitor District contracts for technical and other services as needed.
 - Ensure effective implementation of appropriate website and social media messaging, and coordinating media relations if needed.
 - Consult on any required matter in the field of public administration.

3. Complete the following special projects

- **Facilitate a Board strategic planning**
 - Include current contracted staff and key business partner Adventist Health.
 - Precede with a community survey and/or otherwise obtain community participation.
- **Research and report on ongoing administration options**
 - Identify, analyze feasibility and provide estimated costs for up to 3 staffing and/or contracting models for future administration of the District and support of the Board – deliver timely for budget planning for FY26.



Agency Administrator's Report

6/27/2024

The contract between the district and RGS began on December 18, 2023. The Terms of the contract for Administrator Services day-to-day operations and descriptions of my actions are described below.

During the past 6 months serving as the Agency Administrator to this District, I have tried to initiate a stewardship mindset by establishing and implementing policies and procedures to help ensure that this organization runs smoothly and effectively, and effectively represents the needs of the residents and taxpayers of this district. By presenting information that allows this board to review budgets and receive community and stakeholder input on important topics, this board can begin to align the district's responsibilities and goals for the taxpayer-owned Mendocino Coast Hospital facility and set priorities for future action to upgrade the facilities and enhance in-patient and out-patient health services. These processes help the board show accountability to members, to stakeholders, and to the larger community we serve.

The board must now determine what are the board priorities, based on the community needs. The district's cash inflow is very well defined and now fully accounted for, and deposited in investment vehicles which earn a significant interest-return. Over time, the district should have a sufficient amount of money saved up, to pay for the cost of seismic retrofitting of our rural, frontier, Coast Hospital facility, which is estimated at approximately \$17 million dollars in today's money. The board now has the difficult decision of what the outflow of that cash will be, AND the time to gather Adventist Health partners and our community's input about their needs, in order to make the best decisions about the future of health care delivery in our community. It can't be overstated - these are literally life and death decisions for our community.

Looking forward, the board now has the opportunity to partner with our community and with Adventist Health to construct, modify and/or redesign this hospital facility to be the best health facility it can be, providing the best array of services for ourselves and our future community residents. RGS has provided this board with plans for a staffing study, and for facilitating this district strategic planning, that can be accomplished by the end of this year.



It has been a pleasure working for this board and this community. I would like to give my sincere thanks and appreciation to Past Chair Lee Finney, Current Chair Paul Garza and members of the board, CFO Wayne Allen, all of the Adventist staff including Judy Leach, Peter Johnston, Dr. William Miller and Davey Beak, Sophia Selivanoff and Norma Alley and all the RGS support staff; and Past board member Norman DeVall and Mendocino County Supervisor Ted Williams, and to President Terry Ramos and all the members of the Mendocino Coast HealthCare Foundation Board, and Measure C Committee Chair Jim Hurst.

Per the RGS contract, the Agency Administrator is responsible for much of the business of the district. Below you will find specific contractual obligations between this district and RGS, and the actions I have taken to provide accountability, transparency and compliance with state, local, and federal laws.

- Prepare reports and agendas for Board and committee meetings in Consultation with the Board Chair in accordance with agency By-laws.

Action Taken: In consultation with the Board Chair, I have consistently prepared Brown Act compliant agendas for Board and committee meetings, that include descriptions of the actions to be considered, a staff recommendation report for the action to be taken, and Brown Act compliant meeting minutes that describe the actions taken. This is to ensure that the public has a 'seat at the table' in all decisions made by this board.

Evidence: Copies of all meeting agendas and meeting minutes are posted on the district's website and at the district office.

- Arranging relevant presentations, information, updates, and analysis for Board consideration at meetings.

Action Taken: I have paid particular attention to providing the backup information, updates and analysis for board actions. Besides creating agenda staff reports for board action items, I have arranged for several relevant community presentations including 6 Community Listening Sessions in Westport, Fort Bragg/English and Spanish meetings, Caspar, Mendocino, Comptche and Elk; A community Health Forum at Fort Bragg Town Hall, a local Seismic Compliance presentation to the board, by HCAI, and ongoing meetings with local stakeholder groups.



Evidence: Records of presentations, updates provided to the Board, and feedback from Board members.

- Coordination of committee and Board activity and communication.

Action Taken: I have worked with the Measure C committee chair and the Board Vice Chair and Treasurer to establish regular meeting schedules for the Measure C committee and the Board Standing (Brown Act compliant) Finance and Planning committees.

Evidence: committee schedules, meeting agendas and minutes, and coordination emails.

- Facilitating the policy decisions and priorities of the District's Board of Directors.

Action Taken: I worked with the ad hoc Policy/Bylaws committee for the board to adopt new or revised board policy on Internal Controls, Credit card use, investment of funds, Records retention, purchasing, accounts receivable, code of ethics, and disposition of surplus property. The update process for the Board Bylaws adoption is scheduled for late July or Early August 2024.

Evidence: Records of policy decisions, priority setting documents, meeting notes, files available on the website in English and Spanish.

- Coordinate District administrative and project activities with other contracted service providers, District partnering organizations including Adventist Health, and others.

Action Taken: I coordinated District administrative and project activities with contracted service providers and partner organizations: Adventist Health, Mendocino Coast Healthcare District, Mendocino County Board of Supervisors, Senator Mike McGuire and Assemblyman Jim Wood, HCAI (Ca. Department of Health Care Access and Information), Devenney Corp, Derek Petrak, Eastshore Bond Consultants, Grass Roots Institute, local League of Women Voters chapter, P & A Admin Health Benefits, Silverton Management and RWG Legal services, Sourcewell and Redwood Roofers.

Evidence: Emails, contracts, events, meetings, coordination meeting notes and board reports.

- Ensure District records are maintained in compliance with applicable law and Board policy.



Action Taken: I facilitated the adoption of board policies concerning records. I ensured that District records are maintained in compliance with applicable laws and Board policies, and per district storage and retention policies. I have also organized all district files for ease of accessibility. I have all District Contracts, Legal Decisions, Board Policies, Board personnel records, Board Budgets and finance documents organized and safely stored onsite and offsite on a secure, portable digital drive.

Evidence: Record-keeping logs, compliance checklists, district website.

- Implement and advise on District budgets.

Action Taken: I realized that the board records and reports were insufficient to allow the board the financial information necessary for them to make informed decisions. I managed to retain the services of Wayne Allen as CFO. We worked with the Account Vice Presidents from Bank of America, Tri-Counties Bank, and Ca. Bank of Commerce, DZA Auditors, McKee and Company Bookkeepers. Together we were able to consolidate 26 bank accounts at 4 different commercial banks, down to 2 bank accounts held at Tri-Counties Bank; We reduced bank fees from over \$7800 per quarter to \$0. All funds owned by the district meet all requirements for Federal Deposit Insurance Corporation (FDIC) coverage, and are invested in either 4-week Treasury Bills, or with the Local Agency Investment Fund (LAIF), earning a rate of return of either 4.36% (LAIF) or 5.365% (T-bills)

Evidence: Budget reports, advisory notes, and financial statements to the board and on the website.

- Serve as a spokesperson for the District, attend meetings with community stakeholders, and represent the District at public and professional functions as needed.

Action Taken: I served as a spokesperson for the District, attended meetings with community stakeholders, and represented the District at public functions.

Evidence: Meeting attendance records, public function schedules, and stakeholder feedback.

- Identify and pursue grant and other funding opportunities as appropriate.



Action Taken: I have identified possible FEMA grant funding opportunities for the mandated seismic retrofit project. I also continue to work with HCAI to determine those seismic retrofit costs which may be reimbursable to the district. I continue to monitor various association and trade periodicals and work with the local Mendocino Coast Healthcare Foundation and the Community Foundation of Mendocino for additional funding opportunities.

Evidence: Grant funding proposals, and correspondence with funding bodies.

- Facilitate strategic and other planning efforts as requested by the District.

Action Taken: Together with Chair Garza I have most recently facilitated a 2030 strategic planning group comprised of members of Adventist Health Staff and local community members, to begin the process of designing a 5-year deferred-maintenance building plan that may allow for possible facilities upgrades and improvements to in-patient and out-patient services. I have also recently been in negotiations with agents who may represent potential district-owned property buyers.

Evidence: Strategic planning documents, planning meeting notes, and draft implementation plans.

- Ensure compliance with relevant state, local, and federal laws.

Action Taken: I have ensured compliance with relevant state, local, and federal laws, and together with the board's legal counsel and RGS professional staff, educate the board members on various legal issues. I have encouraged all Board members to complete required board trainings and pursue additional educational opportunities.

Evidence: Compliant Meeting agendas and minutes, Accurate financial reports, Compliance reports to the state, and legal consultation records.

- Meet with Board regularly to ensure effective progress on identified priorities.

Action Taken: I meet regularly with members of the Board to ensure effective progress on identified priorities, and provide timely information.

Evidence: Meeting schedules, progress reports, and Board feedback.

- Meet with local stakeholders as needed about RGS services and establish appropriate channels of communication, following closely all administrative guidelines and requirements.



Action Taken: I meet regularly with local stakeholders and organizations about RGS services and establish appropriate channels of communication.

Evidence: Stakeholder meeting logs, communication records, and stakeholder engagement reports.

- As mutually agreed between the District and RGS, maintain office hours access and ensure the office is a functional and usable space.

Action Taken: I maintain office hours. I have cleaned out old files and furniture and the office is now functional and usable space, with a small conference room also available.

The Website Project

The website had a mix of current and stale information on it when I began this work. Not only has the navigation been improved, the materials and information have been updated and the website is ADA-access compliant.

Small districts are now required to have a .gov website address by January 1, 2025. An application submitted in February was approved a few weeks ago. We are now authorized to use the website address: www.MendocinoCHCD.gov. I am in the process of transitioning email services to the new domain address. All old email addresses and old website locations will continue to function in the near future as we transition over to the new .gov addressing.

The Grand Jury Report

As the report noted many of the report's recommendations have already been implemented. I see no reason why the rest of the report recommendations cannot be implemented according to their timelines.

Otilio Esponzia Services

PO Box 1811
Fort Bragg, Ca. 95437
707-357-1088

Invoice/Bid

Date: 4/16/24

Invoice for Mendocino Health Care District	Payable to Otilio Esponzia	Invoice # 100
PO Box 579 Fort Bragg,Ca., 95437	Project Storage Removal	Due date 5/30/2024

Description	Qty	Unit price	Total price
Coast Storage clean up/ removal labor per empl	3	\$500.00	\$1,500.00
Pelican Storage clean up/removal labor per empl	2	\$500.00	\$1,000.00
Bin rental CandSwaste	1	\$623.62	\$623.62
			\$0.00

Notes: Bin delivery \$518 / \$105.62 per ton **Subtotal** **\$3,123.62**

\$3,123.62



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MEMORANDUM

DATE: June 18, 2024

TO: Finance Committee
Mendocino Coast Health Care District

FROM: Wayne Allen, Chief Financial Officer
Mendocino Coast Health Care District

A handwritten signature in blue ink, appearing to be "Wayne Allen", is written over the "FROM:" line of the memorandum.

SUBJECT: Agenda Item: Operations Cash Report as of June 18, 2024

Balance:	Local Agency Investment Fund (LAIF)	\$ 978,799.88
	Tri Counties Bank	<u>\$ 572,926.67</u>
	TOTAL	\$1,551,726.55

Mendocino Coast Health Care District
 Restricted Capital Fund
 Recap of Treasury Bill Inventory Portfolio (Current Holdings)
 Monthly Investment Board Report as of 06-18-2024

DESCRIPTION	PAR VALUE	PURCHASE PRICE	INVESTMENT INCOME	PURCHASE DATE	MATURITY DATE	INVESTMENT RATE %
4 WEEKS						
PURCHASE 1	\$4,000,000.00	\$3,983,604.44	\$16,395.56	05/21/24	06/18/24	5.365%
PURCHASE 2	\$1,000,000.00	\$995,901.11	\$4,098.89	05/28/24	06/25/24	5.365%
PURCHASE 3	\$3,043,000.00	\$3,030,527.08	\$12,472.92	06/11/24	07/09/24	5.365%
PURCHASE 4	\$2,700,000.00	\$2,688,933.00	\$11,067.00	06/11/24	07/09/24	5.365%
PURCHASE 5	\$2,500,000.00	\$2,489,772.23	\$10,227.77	06/18/24	07/16/24	5.355%
TOTALS	\$13,243,000.00	\$13,188,737.86	\$54,262.14			



PURCHASE MONTH	INVESTMENT INCOME
May-24	\$43,050.01

Mendocino Coast Health Care District
 Recap of Treasury Bill Inventory Portfolio (Matured)
 as of 06-18-2024

	PAR VALUE	PURCHASE PRICE	INVESTMENT INCOME	PURCHASE DATE	MATURITY DATE	INVESTMENT RATE %
4 WEEKS						
PURCHASE 1	\$3,000,000.00	\$2,987,691.66	\$12,308.34	05/07/24	06/04/24	5.370%
PURCHASE 2	\$2,500,000.00	\$2,489,752.78	\$10,247.22	05/14/24	06/11/24	5.365%
TOTALS	\$5,500,000.00	\$5,477,444.44	\$22,555.56			

Mendocino Coast Health Care District

Check Register- May 2024

Date	Name	Amount
05/15/2024	Bank of America	\$ 1,010.38
05/15/2024	Bank of America	\$ 248.37
05/01/2024	Regional Government Services	\$ 211.20
05/01/2024	Regional Government Services	\$ 5,549.35
05/09/2024	CA Bank of Commerce	\$ 30.00
05/16/2024	CA Bank of Commerce	\$ 26.60
05/06/2024	The Bank of New York Mellon	\$ 51,691.19
05/13/2024	Tri Counties Bank	\$ 434.10
05/02/2024	K. McKee & Co, Inc.	\$ 245.00
05/03/2024	P&A admin	\$ 600.00
05/07/2024	U.S. Treasury	\$ 2,987,691.66
05/13/2024	K. McKee & Co, Inc.	\$ 750.00
05/13/2024	Regional Government Services	\$ 13,200.00
05/13/2024	Regional Government Services	\$ 13,200.00
05/13/2024	Regional Government Services	\$ 211.20
05/13/2024	Margaret Von Vogt	\$ 260.00
05/13/2024	Ana Loreto Rojas	\$ 390.00
05/13/2024	BETA Healthcare Group	\$ 935.42
05/13/2024	RWG Law	\$ 15,225.00
05/13/2024	RWG Law	\$ 18,880.00
05/13/2024	Regional Government Services	\$ 11,098.70
05/13/2024	Regional Government Services	\$ 3,538.40
05/13/2024	Baker Donelson Bearman, Caldwell & Berkowitz,	\$ 5,005.50
05/13/2024	Props & Measures	\$ 4,500.00
05/13/2024	Props & Measures	\$ 4,500.00
05/14/2024	K. McKee & Co, Inc.	\$ 116.08
05/14/2024	U.S. Treasury	\$ 2,489,752.78
05/15/2024	Community Center of Mendocino	\$ 50.00
05/16/2024	Pelican Storage	\$ 720.00
05/17/2024	California Health Facilities Financing Authority	\$ 14,492.12
05/17/2024	Props & Measures	\$ 4,500.00
05/17/2024	Mendocino Unified School District	\$ 400.00
05/17/2024	Regional Government Services	\$ 492.79
05/17/2024	Silverton Management Company LLC	\$ 3,000.00
05/21/2024	California Health Facilities Financing Authority	\$ 14,492.12
05/21/2024	U.S. Treasury	\$ 3,983,604.44
05/28/2024	BETA Healthcare Group	\$ 935.42
05/28/2024	U.S. Treasury	\$ 995,901.11
05/31/2024	Willdan Financial Services	\$ 1,575.00

05/31/2024	Mendo Litho	\$	167.72
05/31/2024	Mendocino Unified School District	\$	400.00
05/31/2024	Regional Government Services	\$	2,773.25
05/31/2024	Regional Government Services	\$	35.16



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CUMMING GROUP

Mendocino Coast District Hospital
Fort Bragg, CA

Programmatic Summary of Cost
June 11, 2024
Cumming Project No. 22-01071.00

Prepared for Devenney

Mendocino Coast District Hospital

Fort Bragg, CA
Conceptual ROM

06/10/24

PROJECT COST SUMMARY

		SPC-4D Upgrades 13,600 BGSF	NPC-4D Upgrades 13,600 BGSF	NPC-5 Upgrades 55,000 BGSF	Surgery Dept. Renovation 9,267 BGSF	TOTAL
CONSTRUCTION						
Construction Costs		\$4,314,197	\$5,305,673	\$3,094,511	\$9,653,731	
Escalation to Midpoint of Construction	10.00%	Included	Included	Included	\$965,373	
Total Construction Costs		\$4,314,197	\$5,305,673	\$3,094,511	\$10,619,104	\$23,333,485
EQUIPMENT & FURNISHINGS						
Furnishings	0.50%	N/A	N/A	N/A	\$53,096	\$53,096
Arts & Plants	0.15%	N/A	N/A	N/A	\$15,929	\$15,929
Subtotal Furniture		\$0	\$0	\$0	\$69,024	\$69,024
Major Medical Equipment (over \$100,000) - A	10.00%	N/A	N/A	N/A	\$1,061,910	\$1,061,910
Major Medical Equipment (over \$100,000) - B	5.00%	N/A	N/A	N/A	\$530,955	\$530,955
Minor Medical Equipment (under \$100,000)	2.00%	N/A	N/A	N/A	\$212,382	\$212,382
IT [Low Voltage Systems Equipment]	\$40/SF	N/A	N/A	N/A	\$370,680	\$370,680
Subtotal Equipment		\$0	\$0	\$0	\$2,175,928	\$2,175,928
Total Equipment & Furnishings		\$0	\$0	\$0	\$2,244,952	\$2,244,952
ARCHITECTURAL AND ENGINEERING						
A&E Full Services Construction Administration	12.00%	\$517,704	\$636,681	\$371,341	\$1,274,292	\$2,800,018
A&E Construction Contingency	1.00%	\$43,142	\$53,057	\$30,945	\$106,191	\$233,335
Total Architectural and Engineering Costs		\$560,846	\$689,737	\$402,286	\$1,380,484	\$3,033,353
CONSULTANTS						
Other Consultant Fees	2.00%	\$86,284	\$106,113	\$61,890	\$212,382	\$466,670
Total Consultant Costs		\$86,284	\$106,113	\$61,890	\$212,382	\$466,670
PERMITS AND FEES						
OSHPD Permit Fees	1.70%	\$73,341	\$90,196	\$52,607	\$180,525	\$396,669
Total Permits and Fees Costs		\$73,341	\$90,196	\$52,607	\$180,525	\$396,669
INSPECTION AND TESTING						
QA Testing & Certified Inspections	2.00%	\$86,284	\$106,113	\$61,890	\$212,382	\$466,670
Commissioning	0.50%	\$21,571	\$26,528	\$15,473	\$53,096	\$116,667
Total Inspection and Testing Costs		\$107,855	\$132,642	\$77,363	\$265,478	\$583,337
PROJECT MANAGEMENT						
Owner/Outside Project Management Fees	5.00%	\$215,710	\$265,284	\$154,726	\$530,955	\$1,166,674
Total Project Management Costs		\$215,710	\$265,284	\$154,726	\$530,955	\$1,166,674

Mendecino Coast District Hospital

Fort Bragg, CA
 Conceptual ROM

06/10/24

PROJECT COST SUMMARY

	SPC-4D Upgrades 13,600 BGSF	NPC-4D Upgrades 13,600 BGSF	NPC-5 Upgrades 55,000 BGSF	Surgery Dept. Renovation 9,267 BGSF	TOTAL
OWNER'S CONTINGENCIES					
Owners Contingency (Construction, Equipment & Design) 10.00%	\$487,504	\$599,541	\$349,680	\$1,424,454	\$2,861,179
Total Owner's Contingency Costs	\$487,504	\$599,541	\$349,680	\$1,424,454	\$2,861,179
TOTAL PROJECT COSTS	\$5,845,737	\$7,189,187	\$4,193,062	\$16,858,333	\$34,086,320

CUMMING GROUP

**Mendocino Coast District Hospital
Tenant Improvement
Programmatic Summary of Cost
June 11, 2024**

	INTENSITY	DGSF	COST/SF	CONSTRUCTION (\$000)
I. TENANT IMPROVEMENT				
<u>1.00 General Requirements</u>				
1.01	General Requirements			\$241,660
Subtotal - General Requirements				\$241,660
<u>2.00 Out-Patient Services (OPS)</u>				
2.01	Surgery	Heavy Renovation	1,730 \$1,102.50	\$1,907,325
2.02	Surgery	Medium Renovation	105 \$787.50	\$82,688
2.03	Surgery	Light Renovation	1,665 \$630.00	\$1,048,950
Subtotal - Out-Patient Services (OPS)				\$3,038,963
<u>3.00 Ancillary Services (ANC)</u>				
3.01	Imaging, Hospital	Heavy Renovation	745 \$955.50	\$711,848
3.02	Recovery Service, Perioperative Services (PACU)	Heavy Renovation	2,185 \$955.50	\$2,087,768
3.03	Sterile Processing (Hospital)	Heavy Renovation	1,840 \$882.00	\$1,622,880
Subtotal - Ancillary Services (ANC)				\$4,422,495
<u>4.00 Administrative Services (MBR)</u>				
4.01	Administration, Medical Center	Heavy Renovation	1,010 \$588.00	\$593,880
Subtotal - Administrative Services (MBR)				\$593,880
SUBTOTAL - TENANT IMPROVEMENT		9,280	\$894.07	\$8,296,998
SUBTOTAL ANTICIPATED CONSTRUCTION COST (Current		9,280	\$894.07	\$8,296,998
5	Construction Contingency			\$248,910
6	Contractor's General Conditions			\$598,214
7	Contractor's Fee			\$331,880
8	Insurance			\$94,760
9	Subguard Bond			\$82,970
TOTAL ANTICIPATED CONSTRUCTION COST (Current \$)		9,280	\$1,040.27	\$9,653,731



REGULAR MEETING OF THE BOARD OF DIRECTORS
MENDOCINO COAST HEALTH CARE DISTRICT
DRAFT MINUTES
Thursday, May 23, 2024, at 6:00 PM
Redwoods Room, Adventist Health Mendocino Coast Hospital Campus
700 River Drive, Fort Bragg, CA.

CONDUCT OF BUSINESS

1. OPEN SESSION

Chair Garza called the meeting to order at 6:00 p.m.

This meeting was held in-person and by teleconference in accordance to the Brown Act.

Directors Present: Chair Pual Garza, Jr. Vice Chair Paul Katzeff
 Secretary Susan Savage Treasurer Sara Spring

Director Seat: One Seat Vacant

A quorum of the Board was present.

Management Team: Agency Administrator Katharine Wylie
 Clerk of the Board Norma I. Alley, MMC.

2. PUBLIC COMMENT FOR ITEMS ON THE AGENDA

Malcolm MacDonald spoke about a recent mailing and Board recruitment process.

3. REPORTS

3a) Board Chair's Report

Chair Garza provided a general update on Board and District matters.

3b) Adventist Health Mendocino Coast Hospital

Adventist Health Mendocino Coast Hospital President Judy Leach, Adventist Health Mendocino Coast Hospital Public Affairs Executive Julia Drefke, Hospital Council Northern & Central California Chief Executive Officer Bryan

Bucklew, and Hospital Council Northern & Central California Regional Vice President Meghan Hardin presented on general government affairs matters pertaining to the District and fielded inquiry from the Board.

3c) Ca. Department of Health Care Access and Information

Ca. Department of Health Care Access and Information Senior Policy Advisor Carl Scheurerman provided a presentation and fielded inquiry from the Board.

Chair Garza called for public comment.

Lee Finney provided written comment.

Malcolm MacDonald provided general comments regarding the presentation.

Mr. Childs provided general comments regarding the presentation.

Seeing no further comments, Chair Garza closed public comment.

3d) MCHCD Board Standing Planning Committee Chair's Report

Vice Chair and Planning Committee Chair Katzeff provided an update on planning matters relating to the District and fielded inquiry from the Board.

3e) Agency Administrator's Report

Agency Administrator Wylie presented a brief update on District matters.

Chair Garza called a break at 7:48 p.m. The meeting reconvened at 7:55 p.m.

4. CONSENT CALENDAR

4a) Draft Minutes of the February 8, 2024 Special Meeting.

4b) Draft Minutes of the February 29, 2024, Regular Meeting.

4c) Draft Minutes of the February 29, 2024, Special Meeting.

4d) Draft Minutes of the April 10, 2024 Special Meeting.

4e) Draft Minutes of the April 25, 2024, Regular Meeting.

4f) Draft Minutes of the April 25, 2024, Special Meeting.

4g) Draft Board Policy 3 - Internal Controls Policy, Policy Ad Hoc committee.

Request was made to pull item 4g for separate discussion.

Chair Garza called for public comments for items 4a through 4f. Seeing no one come forward, he closed public comment.

Motion: Treasurer Spring made a motion to approve Consent Calendar items 4a through 4f. Motion was seconded by Vice Chair Katzeff. The motion was approved by a 4 Yes/0 No/1 Vacant vote.

Item 4g

Treasurer Spring provided general comments and recommended amendments for the Board to consider.

Chair Garza called for public comment.

Malcolm MacDonald provided general comments on the agenda item.

Seeing no further comments, Chair Garza closed public comments.

General discussion amongst the Board ensued regarding Treasurer Spring's recommended amendments. Recommended changes were:

1. 1.a) Add language to notify the Treasurer of cashed checks, change daily to monthly, and add prepared for the Board of Directors so it would read: All cashed checks received will be reported to the Board Treasurer and a receipt log will be prepared monthly, for the Board of Directors, by an employee or consultant not in the Finance department;
2. 1.e) Add "or electronic transaction" so it would read: Every check or electronic transaction greater in amount than \$10,000 must be signed by two authorized signers;
3. 1.h) Strike "Chair of the" so it would read as: The Board of Directors shall be responsible for authorizing all expenses and encumbrances on the District Treasury;
4. 1.i) Strike "Chair" and replace with "Board" so it would read: No Board member shall spend, or cause to be encumbered or spent, any District funds without the prior consent of the Board. Consent must be documented in writing, or by email, and shall become part of the District permanent record.
5. 6. Add the word "and" between Board Secretary and Treasurer.
6. 9. Change "disclosed quarterly" to "disclosed monthly".
7. 10. Strike entire paragraph and 11. Becomes 10.

Motion: Treasurer Spring made a motion to approve Consent Calendar item 4g Board Policy 3 – Internal Controls, as revised. Motion was seconded by Secretary Savage. The motion was approved by a 4 Yes/0 No/1 Vacant vote.

5. REGULAR CALENDAR

5a) Receive Board Financial Report

Chief Financial Officer Allen provided a brief report and fielded inquiry from the Board.

5c) Receive Seismic Compliance Team Progress Reports

This item was heard out of order.

Props & Measures Representative Robin Gerrity, Props & Measures Representative Michael Terrace, Devenney Group Dudley Campbell, and Eastshore Consulting Shin Green provided a report and fielded inquiry from the Board.

5b) Receive Covid Compliance Memo, 5/18/24

Chief Financial Office Allen provided a report and fielded inquiry from the Board.

5d) Receive Professional Liability Insurance Policy Renewal Information and Consider Approval of Renewal Contracts with Beta Healthcare Group

Chair Garza presented the report and fielded inquiry from the Board.

Treasurer Spring asked if there were any other bids explored or if this item went out to bid. Staff responded bids were sought and Beta Healthcare Group were the lowest price. Treasurer Spring expressed concern SDRMA may not have been given the possibility to submit a quote.

Chair Garza called for public comment.

Malcolm MacDonald provided general comments on the presentation.

Seeing no further comments, Chair Garza closed public comments.

Motion: Vice Chair Katzeff made a motion to approve July 1, 2024, Beta Healthcare Group Professional Liability DO and HCL Insurance renewal contracts. Motion was seconded by Secretary Savage. The motion was approved by a 3 Yes/1 No (Spring)/1 Vacant vote.

5e) Review and Approve Board Policy 11 - Disposition of District-Owned Surplus/Obsolete Equipment and Supplies Policy

Chair Garza presented the report on this item.

Chair Garza called for public comments. Seeing no one come forward, he closed public comment.

Motion: Secretary Savage made a motion to approve Board Policy 11 – Disposition of District Owned Surplus/Obsolete Equipment and Supplies Policy. Motion was seconded by Treasurer Spring. The motion was approved by a 4 Yes/0 No/1 Vacant vote.

5f) Receive ~~4/30/24~~ Listing of Bank Balances and U.S. Treasury Inventory Detail, and Consider Approval of the May 2024 Warrant list

Chief Financial Officer Allen presented the report on this item and fielded inquiry from the Board.

Chair Garza called for public comments.

Malcolm MacDonald provided general comments regarding the item.

Linda Williams asked about the \$216,825 loan payoff and who had authorized it. Chair Garza stated that Treasurer Spring had initiated the transaction, and Rick Wood, CSDA Consultant had been the second approval for the transaction.

Seeing no further comments, Chair Garza closed public comments.

Motion: Secretary Savage made a motion to approve the Warrant List/Check Register. Motion was seconded by Vice Chair Katzeff. The motion was approved by a 4 Yes/0 No/1 Vacant vote.

6. COMMENTS FROM THE BOARD

Treasurer Spring announced she had not been involved in one single transaction in the month prior, except for paying the loan payment, and was unaware of any financial matters in the last month.

9. ADJOURNMENT

Seeing no further business, Chair Garza adjourned the meeting at 9:29 p.m.

Respectfully Submitted,

Norma I. Alley, MMC, Clerk of the Board



2024 Board Committee Assignments

Draft Revisions

6/27/24

Standing Committees - Brown Act requirements

Community Members are invited.

Finance - Directors Spring and Director Garza ~~Savage~~.
The Treasurer is Chair of this committee per the Board Bylaws.

Planning - Director Katzeff and Director _____ ~~Garza~~.
The Board Vice Chair is the Chair of this committee per the Board Bylaws.

Ad Hoc Committees - not governed by the Brown Act

These committees are created by board action and members are assigned by the chair with board concurrence; service is voluntary.

Grand Jury Report Response - Director Garza (Chair) and Director Savage

Bylaws & Policies - Director Savage (Chair) and Director McGourty ~~Garza~~

Blue Zones - Director Katzeff (Chair) and Director Garza

Hiring & Office - Director Savage (Chair) and Director Garza

Board Retreat - Director Savage (Chair) and Director Spring