



To: MCHCD Board of Directors

From: Katharine Wylie, MS Ed.

Date: 12/12/2024

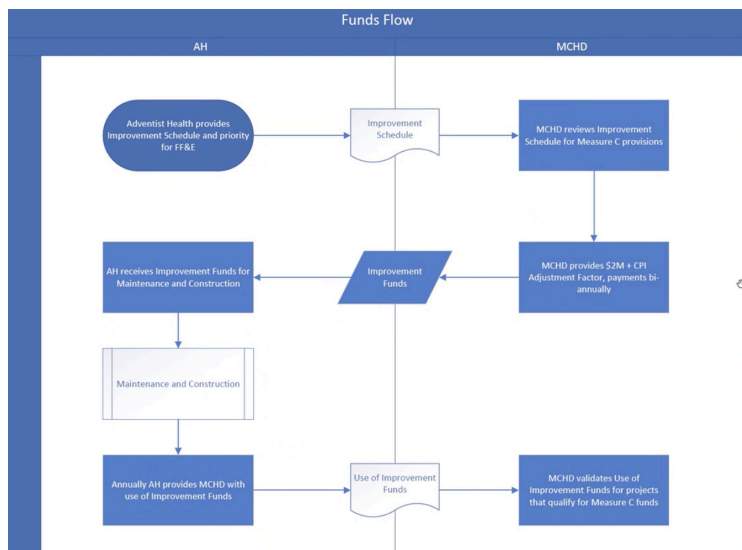
Subject: Agency Administrator’s Report

Adventist Health Mendocino Coast Hospital 60-day Restructuring Notice update

I am happy to report that the 60-day restructure negotiation has concluded with no substantive changes to the hospital lease agreement. During the negotiation, Adventist Health has asked that the district consider two items, as contained in tonight’s agenda item 7a):

- approve clarifying language about the existing 60-day notice process, in section 19.11 of the lease;
- consider assuming operations of the Hospice Thrift Store and notify Adventist Health on or before February 1, 2025, of the district’s decision. If the district assumes thrift store operations, that transition date would be July 1, 2025.

The negotiations teams were in full agreement about the Measure C funding procedures and fund balances and Capital Expenditure costs to date, (extending back to affiliation in July of 2020.) Moving forward into 2025, AH has agreed to adhere to the lease requirement to present the board with Capital Expenditure plans in January of each year, and to present receipts to the board for ongoing work as it is completed. This chart provided by both AH management and District CFO Allen, represents the flow of funds:





More lease restructure information including previous press releases, a radio interview with Chair Garza, Director Katzeff, and Dr. Robin Serrahn, Chief Medical Officer - Adventist Health Mendocino Coast Hospital, as well as other information about the recent 60-day restructuring notice may be found at:

<https://www.mendocinohcd.gov/60-day-restructuring-notice-updates>.

Seismic Retrofit

The Mendocino Coast Healthcare District (MCHCD) Board is actively evaluating the best course of action to comply with California's 2030 seismic safety standards, including the option to extend the compliance deadline to 2033 contingent upon submitting comprehensive documentation, financial plans, and obtaining state approval. This decision will require the board to weigh the feasibility of retrofitting the existing facility, constructing a new hospital, or pursuing a hybrid approach that addresses both compliance and modernization. The path forward must balance financial constraints, regulatory deadlines, financial viability for our tenant Adventist Health, and the expectations of the local community, making proactive engagement and strategic decision-making essential to the district's future sustainability.

As part of this effort, the district is launching a strategic planning initiative, with a pivotal workshop scheduled for January 2025 (date TBA). The workshop will define the board's vision for the facility, identify funding mechanisms, and foster collaboration with Adventist Health to align operational and facility needs. Community engagement will play a central role, with plans for roundtables and data-sharing sessions designed to secure public support for potential bond measures. Financial considerations will focus on balancing the costs of retrofitting, new construction, or hybrid solutions, while prioritizing investments that enhance operational efficiency and reimbursement potential. Addressing challenges such as jurisdictional approvals, HCAI compliance deadlines, and stakeholder education will be key, as will building a strong partnership with Adventist Health to create a modern, sustainable healthcare facility that meets the needs of the Mendocino Coast community.

HCAI Seismic Safety Compliance (SPC/NPC Requirements):

- SPC (Structural Performance Category): Retrofitting of the existing facility is required to meet seismic safety standards. Material testing and SPC scope initiation are imperative. The compliance plan was submitted in December 2023.
- NPC (Nonstructural Performance Category): NPC 4 evaluation is pending HCAI approval, with additional compliance steps required, including NPC 5 upgrades for essential utilities like potable water, wastewater, and fuel storage to sustain operations for 72 hours.



Current Coast Hospital Facility Options

1. Do Nothing:

- High risk due to regulatory and political pressures.
- Not recommended for the district's long-term sustainability.

2. Retrofit Existing Facility:

- Meets minimum compliance standards.
- Estimated cost is manageable but does not address modernization needs.

3. Build a New Facility:

- Requires significant investment and planning.
- Local jurisdictional approvals, including Coastal Commission, are critical if within their purview.

4. Hybrid Approach:

- Combines retrofitting with modernization of critical areas (e.g., ER and surgery).
- Balances cost and functionality while meeting community needs.

More information about the strategic facilities planning process will be forthcoming in January.

My focus on the management of this health care district continues to be:

- ⇒ Fiscal Responsibility and Transparency for the District Residents
- ⇒ Facilities Maintenance and Planning
- ⇒ Community Engagement
- ⇒ Compliance



**Board of Directors' 2025
Regular Meeting Calendar**

Meeting Time: 5:00pm

**Meeting Location: Redwoods Room,
Adventist Health Mendocino Coast Hospital
700 River Drive, Fort Bragg, CA 95437**

January ____, 2025

February 27, 2025

March 27, 2025

April 24, 2025

May 29, 2025

June 26, 2025

July 24, 2025

August 28, 2025

September 25, 2025

October 23, 2025

November 13, 2025

December 11, 2025