

**Response to the Interim Report of the  
Mariposa County Civil Grand Jury 2019-2020  
John C. Fremont Healthcare District (JCF)**

The John C. Fremont Healthcare District (JCF) welcomes the interest you've expressed in the February 3, 2020 Mariposa County 2019-2020 Grand Jury Interim Report. Thank you for this opportunity to respond.

The Grand Jury acknowledged the need to keep our local hospital in Mariposa so it can continue to serve the residents and visitors in our remote county. We appreciate your support of our hospital, your careful analysis of our financial condition, and the accuracy with which you described the operational matrix of our medical services, which include state-of-the-art equipment, highly qualified professional medical staff, and the only emergency room within 40 miles of town.

The Grand Jury requested this response prior to the current coronavirus challenges. Who could have guessed that within 90 days the world would change abruptly under the shadow of COVID-19? As a result, the need for a local, high quality hospital to serve our residents and visitors has become even more apparent. We are determined to continue to provide local access to critical emergency and medical care to all Mariposa County residents in good times and bad, including earthquakes, wildfires, and pandemics such as the Coronavirus (COVID-19).

At the same time, the need for flexibility in our strategy has become absolutely essential if we are to be successful. Our world has become unpredictable.

The Grand Jury expressed an interest in the **strategic path** the District has chosen to assure the community of continued hospital and emergency services. We are pleased to share it here. It includes board education, hiring the best consultants and contractors available, construction oversight, and ultimately cutting the ribbon before January 1, 2030.

**Board education:** In terms of planning, we decided to start with board training in basic hospital construction issues. In 2014, we scheduled a public presentation by Lancaster Pollard, a national firm of hospital financiers, on various forms of financial backing: Cal-Mortgage and FHA insured programs, USDA programs and the like. We also interviewed Alan Richman, who is based in New York, then Gary Hicks, whose reputation on the West Coast is beyond reproach. Gary Hicks has provided further education in several open sessions; he has had to refresh his training a couple of times due to board turnover. All the experts agreed that we needed to make money for three years before we could expect to be considered for financing.

When we began this journey, our financial situation did not allow us to qualify for loans. Since then, our then-CFO and current CEO, Matthew Matthiessen, demonstrated true leadership in turning JCF finances around. Now that our financial picture is in order, we are prepared to move forward.

In 2018, board training advanced to construction issues. We made two in-person visits to successfully executed rural hospital replacement projects. We want to thank Lompoc Valley Medical Center and Northern Inyo Hospital for sharing their stories of success and cautioning us about pitfalls when building hospitals. Some of our decisions have been made based on witnessing their concrete results.

## GRAND JURY RECOMMENDATIONS

*Page 8 Recommendation 1: The John C. Fremont Healthcare District should immediately and aggressively pursue planning for the necessary and required construction, retrofit, and repairs to the hospital in order to obtain compliance with AB1953 by year 2030.*

In order to develop a coordinated plan to address its needs, JCF has assembled a top flight team of consultants, who are experts in their respective fields of finance, architecture, engineering and construction management, scientific polling, and political strategy. The consulting team includes Cuningham Group Architecture, Inc. and ProWest Constructors, highly respected organizations with experience working cooperatively together in building truly functional medical facilities; Gary Hicks, who has been JCF's Financial Advisor for years; Dr. Timothy McLarney of True North Research, who has provided a clear understanding of the opinions, perceptions, priorities, and behaviors of our residents and stakeholders; and Larry Tramutola of Tramutola LLC, a leading political strategist well known in California.

*Page 8 Recommendation 2: JCF must aggressively pursue all avenues of funding, including grants, large donor contributions and other forms of finance.*

Our consultants have helped multiple hospital districts throughout the State of California prepare for and pass local revenue measures. As the JCF hospital staff and volunteers continue to direct their valuable time and energies towards preparing for a surge in Coronavirus (COVID-19) patients, the consultants will continue to support the management team in implementing a plan to place a revenue measure on the November ballot.

JCF will be working with the Mariposa County Board of Supervisors to place the sales tax measure on the November 3, 2020 ballot. [We must correct a misconception here - the District Board never considered raising the **property** tax because we believed the community might object.] The Board of Supervisors must reach a decision by August 7, 2020 for that to happen. The public will have opportunities to provide input to the Board of Supervisors at regular meetings scheduled in June/July. Actual dates will be posted on the Mariposa County website at:

[www.mariposacounty.org](http://www.mariposacounty.org)

Until the Shelter-at-Home order is lifted, in-person participation will not be possible at Board of Supervisors meetings, although we have already met with them two times in person prior to COVID. Alternate ways for participating are available at the link below:

<https://www.mariposacounty.org/2409/Participate-in-Meetings>

As you know, the election phase is driven by an *Independent* citizens' campaign committee, established to persuade voters to support a ballot measure. While public agencies typically fund pre-electoral feasibility, planning, and public education the campaign activities cannot be funded using District resources. While JCF cannot advocate for the ballot measure, the District will provide voters with factual information, presented in a fair and unbiased way.

*Page 8 Recommendation 3: JCF must construct a detailed written multi-faceted strategic plan identifying goals, objectives and realistic strategies designed to obtain the facilities, equipment, and personnel needed to maintain its mission and vision.*

Our team of consultants has already started to pull together smoothly, both simultaneously and sequentially, to create a dynamic plan for this multifaceted project. They have met together in person and through conferencing technology. They are addressing all our needs down to the last detail.

Our consulting team includes the following:

- **Cunningham Group Architecture, Inc.** will conduct interviews with department heads to determine what is essential, what is needed, and what is merely desirable in the new hospital; they will then help the medical staff to pare down expectations to the most productive and cost effective level.
- **ProWest Constructors** is helping Cunningham to keep costs down by developing estimates when the building is in the design phase. Cunningham has prior experience working with the Office of Statewide Health Planning and Development (OSHPD), which oversees hospital planning and construction to exacting seismic standards. Cunningham and ProWest are highly respected organizations with experience working cooperatively together in building truly functional medical facilities.
- **Gary Hicks**, principal of G. L. Hicks Financial, LLC, has been JCF's Financial Advisor for years. He developed and continues to refine the financial structure and financing estimates given recent changes in the economic climate.
- **True North Research** President Dr. Timothy McLarney has provided a clear understanding of the opinions, perceptions, priorities, and behaviors of our residents and stakeholders by conducting a poll which indicates that the community appears receptive to a sales tax measure to fund the facility's construction needs.
- **Tramutola LLC** and their team of political analyzers is coordinating the strategic effort, providing ongoing advice about communications and community engagement, and working closely with Matthew Matthiessen on a daily basis. Together, they are in the process of developing the specific terms for placing the sales tax measure on the November ballot.

*Page 8 Recommendation 4: Senior management and members of the Board of Directors must continue to promote the hospital as a quality healthcare center which utilizes state of the art equipment, a highly trained professional medical staff, a quality customer service philosophy.*

We are in total agreement. Our CEO and some board members speak to local organizations about our plans. In addition, we have hired Therese Williams, our new Director of Public Relations & Community Outreach, to be sure we keep the public informed in person and through media.

## **INVITED RESPONSE**

*Page 9: John C. Fremont Board of Directors as to the estimated financial requirements needed for the three proposals to obtain compliance with AB1953. The response should include accurate estimates along with supporting documents of the actual costs of the projects that would be submitted to the taxpayers and/or general public for approval in November 2020. These disclosures will be necessary in order to obtain transparency with the public.*

Yes, we believe that transparency is essential. What information we have at this point we will make public.

The Grand Jury requested accurate estimates with supporting documents of three options. The JCF Board has already decided to go with Option 2. We would like to share with you the reasoning behind our choice:

OPTION 1. *(Rejected) Retrofit the existing hospital at an estimated cost of \$35-40 million. We decided not to do this again because we've done it in the past, and when we opened the ancient walls we found unwelcome surprises that greatly increased the costs of construction. This makes it hard to estimate costs with any precision. Also, this option would limit the flexibility of the architectural design, which could not accommodate the advances made in medicine over the past 70 years. Furthermore, if we were to renovate the entire hospital, it would mean demolishing interior walls to retrofit electric, water and sewer conduits while patients were lying helpless in the noise and dust.*

OPTION 2. *(Chosen) Build a new hospital **AT THE EXISTING SITE** at an estimated cost of \$75-80 million. This option looked most attractive to us because costs would be limited and predictable. We already own the land, plus we know that we already have adequate infrastructure to support a new hospital. At a later date, we can repurpose the old building as it is at minimal cost; it is built like a bunker even though it does not meet California's strict seismic requirements.*

OPTION 3. *(Rejected) Build an "Everything Brand New" hospital from the ground up **WHICH MEANT BUILDING A NEW HOSPITAL AND SIMULTANEOUSLY REPLACING THE EXISTING BUILDING FROM THE GROUND UP.** We decided against this because we did not want to add the costs of tearing down and rebuilding the existing building to the costs of constructing a new hospital. That would be cost prohibitive.*

OPTION 4. *(Rejected) In 2016, we considered building **AT A DIFFERENT SITE.** We decided against this because purchase of land was cost prohibitive. Even if we could persuade a donor to give us land for free, infrastructure is rare on land in Mariposa County. The costs of installing infrastructure combined with land costs would make payment unworkable. Additionally, purchasing land and adding new infrastructure would take extra time we don't have. We are up against a deadline.*

The cost of construction is important to the JCF Board of Directors. To estimate the cost of building a hospital, we first contracted with ADAMS Management Services Corporation in 2016 to prepare a strategic facility master plan, including a market analysis and initial evaluation of location and estimate of basic costs based on hospital square footage. They estimated \$85.5 million for new construction on purchased property and \$64.5 million for repurposing the legacy facility. They further stated that every year costs can increase by about ten percent.

Cunningham Group Architecture, Inc. and ProWest Constructors were reluctant to estimate the costs without complete plans, which they will prepare after evaluating our precise needs. However, in 2019 (in an open meeting) they estimated between \$50 and \$80 million for new construction for Option 2, based on square footage.

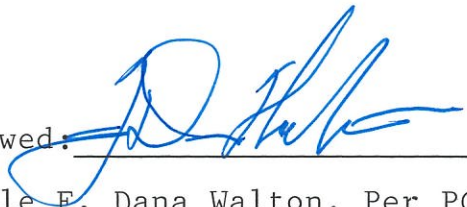
The current design is conceptual in nature. At this point, our architect says there is not enough detailed information to get an accurate construction cost estimate necessary in time for this response letter. Our builders will need to see at least a design development level of drawings,

including engineering drawings, in order to put together the quantities of materials, equipment, medical gases, utilities, governmental / design / construction fees, etc. necessary for an accurate estimate. Developing that detail will be part of that architectural process. When we go to the public for the sales tax measure on the November 3, 2020 ballot, we will be in a better position to estimate the cost.

Thank you for the opportunity to respond to the Interim Report prepared by the Mariposa County Civil Grand Jury, and thank you for your supportive statements in the report.

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Candy O'Donel-Browne, Chair of the Board

Reviewed: 

Honorable F. Dana Walton, Per PC933