

Immediately following each interview jurors completed a standardized "Interview Debrief Form" (IDF), listing factual information as it was presented during the interview. IDFs were collected, stored and used as a basis for the findings and subsequent recommendations in this report.

In addition to the above, the MCGGJ also attended and/or listened to several advisory committee meetings, Board of Supervisors meetings, and JCFHD Board of Directors meetings throughout the 2023-2024 term.

## **DISCUSSION**

### **John C. Fremont Health Care District Investigation**

Mariposa's first County hospital began operating in 1860 on a property purchased from L.A. Holmes and was referred to as "Rufus Lockwood's old house." In 1876 and 1882, additions were made to the hospital to better serve the patients. In September of 1900, the first women's ward was completed. On July 8<sup>th</sup> the Pine Hill Sanitarium was opened to treat maladies such as tuberculosis, as well as mental health. In February 1902, a "Pest House" was purchased on the Stanton ranch five miles below Mariposa for quarantine and care of those afflicted by Smallpox. The "Pest House" was closed by March 1<sup>st</sup> of the same year. In 1903, the Pine Hill Sanitarium was sold to the County and by August 29<sup>th</sup>, 1903, all patients were moved to the new hospital on the south side of Mariposa Creek. In 1907, the John C. Fremont Hospital District was established.

The Mariposa County Hospital closed in 1919 and care of patients was transferred to Merced County Hospital and later to Madera County. A new hospital was planned with a total estimated cost of \$483,439.19. The John C. Fremont Hospital was completed and ready for dedication on September 30<sup>th</sup>, 1951, and officially opened on October 3<sup>rd</sup>. The hospital had private and semi-private rooms, an X-ray department, a clinical laboratory, newborn nursery, as well as surgical services. A solarium was constructed in August of 1958 for healing sunlight and fresh air. The Ewing Wing for long-term care was approved on April 13<sup>th</sup>, 1964. The Ewing Wing is unique in that it provides long-term care in a homelike environment unlike any other facility in California. John C. Fremont Hospital is a 34-bed facility with 18 acute care beds and 16 long-term beds.

At the origin of the John C. Fremont Hospital District in 1947, a Board of Directors (Board) was appointed by the Mariposa County Board of Supervisors. Directors were then elected by the voters in staggered terms. The Board officers are Chair, Vice-Chair/Secretary, and Treasurer. The JCFHD CEO reports to the Board and the CEO is the only position in the healthcare district that the Board oversees.

In 1994, John C. Fremont Hospital District evolved into the John C. Fremont Healthcare District. Mariposa voters have approved property and sales taxes to support the hospital numerous times over the years. Measure O was approved in 2022 by Mariposa citizens, which authorized a one percent sales tax for forty years to fund the construction of a new hospital. The hospital is required to meet earthquake standards and has until 2030 to comply at an estimated cost of 65 million dollars. The hospital provides much needed services to the citizens of Mariposa County.

John C. Fremont Healthcare District is governed by a five-member Board of Directors. Each position on the Board is normally held for a four-year term, however it may be shortened to two years in the event of a vacancy from resignations or other circumstances. In 2022, four (4) individuals were elected in the same election to begin service in January 2023. The main responsibility for the JCFHD Board of Directors is financial leadership, strategic planning, and oversight of the Chief Executive Officer. Board members receive a monthly stipend of \$100. The Board of Directors meets twice monthly. Meetings are governed by Brown Act guidelines and are open to the public either by attendance in-person or via teleconference.

In its inquiry, the 2023-2024 MCCGJ held nine (9) interviews with individuals from the JCFHD and reviewed over 400 pages of documents that included contracts, budgetary journals, letters of correspondence, and Board agenda/minutes. Notably, minutes for three Board meetings were unavailable for three (3) Board meetings from March and April of 2023, which drew the attention of the Civil Grand Jury because these meetings occurred during a period of significant transition for the Healthcare District. The MCCGJ also attended a Board meeting via teleconference.

In their very first meeting together in January 2023, the newly elected board found the meeting full and over capacity because of an announcement that the JCFHD was dropping all hospice and home care services for the County. This announcement was received with great community interest and concern. The year of 2023 got even more challenging for the Board of Directors as they managed healthcare leave, appointed interim CEOs, C-suite resignations, incomplete mandated audit preparation, and palpable resistance from C-suite leadership to some of the Board's inquiries. The JCFHD received a lot of attention through social media and newspaper articles during this time. Over the course of the year there was a resignation from one Board member that led to the appointment of a new one. It wasn't until the end of 2023 that the Board of Directors were able to effectively address some the challenges they had faced earlier. Over the course of two years, beginning in January 2022, the JCFHD had six different Chief Executive Officers. The position was filled mostly on an interim basis and often for as short a time as two weeks or a weekend. By December 2023, the JCFHD completed a search for a new CEO. This search was completed by an outside consultant agency.

It was determined by the JCFHD Board of Directors in late March 2024 that a very large amount of money (~\$4,000,000) had been spent on new hire contracts, union staff bonuses, housing contracts, moving relocation expenses and outside consultants. This led to the decision by the JCFHD Board of Directors to name a new CEO. That decision was effective in the middle of April 2024.

Some facts and points of concern that were discovered by the MCCGJ include ineffective board oversight, high rates of Board and JCFHD staff turnover, inconsistent management compliance with operational procedures, financial challenges, and delays in financial reporting. Additionally, policies and procedures have not been revised by Board in at least two terms.

| FINDINGS |                                                                                                               | RESPONSES |
|----------|---------------------------------------------------------------------------------------------------------------|-----------|
| F1       | Significant instability in Board leadership (3 board resignations, and 6 interim/new Chief Executive Officers |           |

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|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
|                        | since 2022) and Executive C-Suite management led to the public's diminished confidence in the John C. Fremont Healthcare District.                                                           |                  |
| F2                     | The JCFHD Board of Directors withheld information between themselves leading to individual discontent and poor decision making.                                                              |                  |
| F3                     | The JCFHD Board of Directors did not have an opportunity to vet interim CEO which led to a longer period until issues could be legally responded to and resolved.                            |                  |
| F4                     | JCFHD Human Resources did not properly vet executive level positions leading to instability at C-suite level.                                                                                |                  |
| F5                     | Multiple CEOs exceeded contractual spending limits without JCFHD Board notification eroding inherent checks and balances in organizational structure and straining the hospital financially. |                  |
| F6                     | The JCFHD found themselves behind in regular financial audits jeopardizing funding from governmental agencies.                                                                               |                  |
| F7                     | Work and dialogue outside of regular, special, and emergency meetings between directors of the JCFHD puts the Board at risk of violating Brown Act practices.                                |                  |
| <b>RECOMMENDATIONS</b> |                                                                                                                                                                                              | <b>RESPONSES</b> |
| R1                     | JCFHD Board should be more diligent in vetting CEO candidates.                                                                                                                               |                  |
| R2                     | JCFHD Board should be more diligent in financial review of the Healthcare District.                                                                                                          |                  |
| R3                     | JCFHD should review existing vetting procedures for hiring C-suite level management within 6 months.                                                                                         |                  |

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| R4  | JCFHD Board of Directors should ensure adherence to existing vetting procedures for hiring C-suite level management.                                                                                                                                                      |  |
| R5  | Immediately, JCFHD should make it a priority to work together and function cohesively as a team.                                                                                                                                                                          |  |
| R6  | Immediately, JCFHD Board of Directors should ensure procedures for financial oversight of CEO are being followed at all times.                                                                                                                                            |  |
| R7  | JCFHD Board of Directors should review the organizational structure of the Healthcare District, specifically related to financial responsibilities of the CEO, COO and CFO with the intention of creating more financial oversight within their purview, within 9 months. |  |
| R8  | Immediately, JCFHD Board of Directors should review and establish mechanisms to guarantee timely production of accurate audits.                                                                                                                                           |  |
| R9  | Immediately, the JCFHD Board of Directors should continue with the reimplementation of the JCFHD compliance hotline.                                                                                                                                                      |  |
| R10 | JCFHD Board of Directors should practice due diligence with the Board Clerk to make certain all meeting minutes are recorded and kept as required by law.                                                                                                                 |  |

The following governing boards are required to respond within 90 days pursuant to Penal Code sections §933 and §933.05:

JCFHD Board of Directors: F1, F2, F3, F4, F5, F6, F7, R1, R2, R3, R4, R5, R6, R7, R8, R9, R10

Per Penal Code §933.05(a)(1) and (2), responses must include acceptance, refutation, and/or clarification of the findings, and a commitment to implementing the recommendations, as appropriate, per Penal Code §933.5(b)(1)(2)(3) and (4).

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

## **General Inquiry into County Operations**

In the interest of inquiring into a wide breadth of topics regarding County government operations, the MCCGJ held many interviews with County employees and elected officials and asked an extensive range of questions. The MCCGJ discovered many repetitive themes and resultant findings, which are discussed further below. A Civil Grand Jury is authorized to initiate an independent inquiry even in the absence of a citizen complaint, per Sections 925-933 of the California Penal Code that delineates the powers and responsibilities of a Civil Grand Jury. To initiate an inquiry without relying on a citizen complaint, a Civil Grand Jury may select a topic of interest or concern based on their own research and observations. As a result, the MCCGJ was able to explore topics such as government efficiency, general process and procedure, fiscal accountability, transparency, and other matters within their jurisdiction (see “Methodology” section above).

## **Workplace Culture, Training, and Organization**

There is no doubt that Mariposa County employs hard working and dedicated individuals. However, many County Departments experience high turnover rates, limited access to resources, and small, uncomfortable office spaces. Employees tend to endure heavy and broad workloads with minimal training. County positions can go unfilled for long periods of time, which puts additional pressure on current employees. MCCGJ found that County employees are discouraged from directly contacting County Supervisors and Administration (Human Resources is housed in the Administration Department), further isolating the employee in their experience, and thereby increasing workplace dissatisfaction. Department heads undergo a “sink or swim” culture and struggle to find time and resources for sufficient training and management guidance. Further, the Board of Supervisors does not require department heads to provide regular presentations or formal updates on their work, limiting accountability and regular progress reviews. All of this creates a negative feedback loop that makes it challenging for Mariposa County to hire and retain qualified employees, and causes a loss of institutional knowledge which leads to government dysfunction.

Part of the problem can be attributed to the historical rural inequity that is caused by an unbalanced supply of public services, which is not within the control of County leadership. Population distribution and mobility trends, as well as State-level decisions, are complicated sociological issues.<sup>1</sup> It can be difficult for leadership to adequately allocate funds, provide sufficient training opportunities, and build capacity for change when there is little support and external forces exacerbate the problem. However, there are structures and procedures that can be modified to ensure that County staff are able to be as successful as possible in their positions.

For example, there is a general lack of written policies and procedures for County operations across County departments. Procedures that are written, tend to be outdated. There has been recent

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<sup>1</sup> Pan et. al