



Save the Hospital

Frequently Asked Questions

This Citizens Initiative proposes adopting a 1% transaction and use (sales) tax for a period of 40 years to provide the funds needed by the John C. Fremont Healthcare District to design, construct and equip a new community hospital that meets all applicable seismic safety and other building standards, and to modify and repurpose existing facilities to better satisfy the emergency medical care and other healthcare needs of Mariposa County residents and visitors for generations to come. Here are answers to the questions voters have had and are most likely to have about the initiative.

The Need for a New Hospital

Why is this Citizens Initiative needed?

John C. Fremont Hospital is facing closure in 2030 for not being in compliance with the state's seismic safety standards. Major earthquakes have caused many California hospitals to suffer significant damage, forcing them to suspend some or all services, and some patients have died either during or after these earthquakes. In 1994 Senate Bill 1953 (SB1953) changed the California Health and Safety Code to require all hospitals to comply with the more stringent seismic safety standards established by the Office of Statewide Health Planning and Development (OSHPD) by 2030 or face closure. This initiative will provide the funds needed by the John C. Fremont Healthcare District to come into full compliance by constructing a new seismically safe hospital.

Are we really at risk of having the hospital closed if we don't meet the seismic safety standards?

Yes. A hospital that does not meet SB1953's structural and nonstructural requirements "shall not provide acute care services or beds" after the 2030 compliance deadline. Acute care includes the emergency room. SB1953 requires "no later than January 1, 2030, owners of all acute care inpatient hospitals to demolish, replace, or change to nonhospital use, all hospital buildings that are not in substantial compliance, or seismically retrofit them so that they are in compliance with the standards." The bill further requires "the State Department of Health Services to suspend or refuse to renew the license of a hospital that has received a notice of violation." The state has formally notified the District that John C. Fremont Hospital does not comply with the standards.

Mariposa County is not in a major earthquake zone, so why do we need to meet such strict "one size fits all" seismic safety standards?

The District has made several attempts to be exempted from the law on various grounds or to meet less stringent requirements more suitable to our situation. Unfortunately, none of these efforts has succeeded.

Has the state made any funding available to help meet these new requirements?

No. This is yet another unfunded mandate coming from Sacramento, so the community is on its own to fund the project.

The Citizens Initiative

What is a Citizens Initiative?

A Citizens Initiative is both a right and a power provided to California citizens by the California Constitution. It is the purest form of democracy, where voters govern themselves directly. The proponents of a Citizens Initiative are not controlled by and do not answer to any governmental entity, such as the John C. Fremont Healthcare District or the Mariposa County Board of Supervisors. The effort begins by filing a Notice of Intention to Circulate Petition with the County Elections Department, and if enough signatures are gathered, normally culminates in a measure being placed on the ballot in the next regularly-scheduled election.

How does this Citizens Initiative compare with Measure N in the 2020 General Election?

This initiative proposes adopting a 1% sales tax, just as Measure N did, but there are four notable differences:

- this effort is being initiated by citizens of Mariposa County through a petition process and not by the Healthcare District through the County Board of Supervisors
- a “sunset” has been added to terminate the sales tax after 40 years
- the Expenditure Plan has been changed to more clearly describe how the funds are permitted to be used
- an Accountability and Transparency section has been added to require more rigorous accounting of the tax receipts and all expenditures

Are there any differences in the process?

Yes. A Citizens Initiative requires gathering a sufficient number of signatures of registered voters to proceed. The signatures need to be certified by the County’s Elections Department, and then the initiative will go to the County Board of Supervisors who can:

- adopt the ordinance without alteration; or
- place a measure on the ballot for the June 7TH 2022 Primary Election, when it would require a majority of voters to pass; or
- order a report to resolve any issues before doing one of the above.

Why not just do it again like Measure N, but with a sunset this time?

It is true the lack of a sunset was a major reason many residents did not support Measure N. That previous approach is still possible should this Citizens Initiative fail to gather a sufficient number of signatures. Another reason Measure N failed to pass, however, is the approach caused some voters to believe John C. Fremont Hospital is either a private hospital (unworthy of public funds) or owned by the County, which could fund it with a Transit Occupancy Tax. Neither is true: John C. Fremont Hospital is a community hospital, and making the project’s funding grassroots, community effort in the form of a Citizens Initiative underscores that fact. (Note that the points raised here are all addressed in more detail in other questions.)

Why was Measure N not a Citizens Initiative?

The campaign committee only became aware of this option after the Healthcare District went to the Board of Supervisors to put Measure N on the ballot. Apparently, others in the community were also unaware of this option, or some one might have pursued it in 2020.

Why does this effort require a majority vote, while Measure N required two-thirds?

The difference involves who puts a measure on the ballot. When a government agency, such as a Healthcare District or School District, puts a tax measure on the ballot, it requires a two-thirds supermajority vote to pass. This was the case with Measure N, which was put on the ballot by the Healthcare District. Citizens Initiatives, by contrast, require only a majority vote to pass. Such initiatives can only be placed on the ballot after a sufficient number of registered voters have signed a petition—something government agencies are not required to do. It is worth noting that a general fund tax placed on the ballot by city and county governments also requires only a simple majority vote to pass.

How did the “Citizens to Save the Hospital” committee form?

Initial members came from the campaign committee for Measure N: “Mariposans for a Healthier Future, Yes on Measure N.” Others reached out to that committee with offers of assistance after Measure N failed to pass. The committee’s website (www.SaveTheHospital.org) has a list of members, along with a contact section where anyone interested in assisting this Citizens Initiative can volunteer or make a donation to help fund the campaign.

Did the committee consult with the Healthcare District about the Citizens Initiative?

No, because the intent is for this to be a true Citizens Initiative that is not driven by or coordinated with any government entity—in this case, the John C. Fremont Healthcare District. To honor this intent, those members of the Mariposans for a Healthier Future, Yes on Measure N committee that are affiliated with the District did not join the newly formed Citizens to Save the Hospital committee. The new committee did, however, rely on publicly available information, including from the Healthcare District, when writing the Citizens Initiative ordinance.

Who is funding this Citizens Initiative?

All organizing, signature-gathering and campaign expenditures are being paid by the Citizens to Save the Hospital committee from modest donations contributed by local residents. Committee members are all volunteers; there is no paid staff and there are no major donors. The committee is registered with the California Fair Political Practices Commission (FPPC #1438403), and files periodic reports with the FPPC and the County Elections Office.

Why 1% for 40 years? Were other options considered?

It is common to fund projects of this scope over a period of 40 years and the 1% rate will generate sufficient annual receipts to pay for what the project is estimated to cost. A shorter term, such as the 30 years commonly used for a home mortgage, would require a higher rate, while a longer period would make it more difficult to secure bonds or loans.

What is the intended use of the funds raised from the sales tax?

The intended uses are limited to those outlined in the Expenditure Plan included in the Citizens Initiative ordinance, which reads as follows: “Tax revenues pursuant to this ordinance shall be used, throughout the period the tax is being imposed, to fund the Healthcare District’s expenditures for the following purposes:

- To design, construct and equip a new community hospital that meets all applicable seismic safety and other building standards. The new hospital is to be strategically situated on the campus where the existing hospital and other District facilities are located.

- To modify and repurpose existing facilities, including the existing hospital, Ewing Wing, main and satellite clinics, and administrative offices, to better satisfy the current and future healthcare needs of Mariposa County residents and visitors.
- To cover other expenses directly related to funding, administering and completing the above projects.”

When will the petitions be circulated and how many signatures will the committee need to get?

The committee expects to be gathering signatures during the Summer and Autumn months. State law requires this initiative to have 823 signatures to proceed, but the committee hopes to gather over 1200 to account for problems with some of the signers, such as not being registered to vote in Mariposa County or not properly completing the entry on the petition.

What happens if the committee fails to get enough signatures?

If the committee is unable to get a sufficient number of valid signatures, the Citizens Initiative ends. Should this happen it is likely the Board of Directors of the Healthcare District will approach the County Board of Supervisors to put another measure on the ballot, just as with Measure N in 2020, but likely with certain changes, such as those made by the committee.

Why should I support this Citizens Initiative?

If successful, this initiative will provide the following benefits to the residents of Mariposa County for generations to come:

- Prevent our hospital and its emergency room from losing its license to operate in 2030 for failure to comply with California’s seismic safety standards
- Ensure that our hospital and its emergency room can stay open and remain fully operational during any natural disaster, including a major earthquake, to provide essential medical care 24/7
- Enable the expansion and/or enhancement of emergency and other medical care to treat more patients more quickly and more effectively, for example by creating sufficient space to accommodate large diagnostic equipment
- Replace medical equipment that becomes outdated with modern, state-of-the-art technology for both diagnostic and patient support purposes
- Make it easier for the Healthcare District to attract and retain the highly qualified medical professionals, including specialists, needed to better serve our community

I live closer to other emergency rooms. Why should I support this Citizens Initiative?

For most Mariposa County residents, John C. Fremont Hospital is the closest emergency room while at home, at work or running errands. All county residents, regardless of where they live, are eligible to receive life-flight air ambulance transport provided by the helicopter stationed 24/7 at John C. Fremont Hospital. But the hospital is much more than just an emergency room, and the District will be expanding and enhancing its offering of medical services as part of the construction of the new hospital. These improvements will give residents throughout the county more options for both routine and specialized medical care. Of course, residents who live closer to hospitals in neighboring counties may also shop more frequently at stores in those counties and will, therefore, not be paying the Mariposa County sales tax when they do.

Does the initiative support making enhancements to the Northside Clinic?

Yes it does. The language of the Expenditure Plan permits the District to “modify and repurpose existing facilities, including the existing hospital, Ewing Wing, main and satellite clinics, and administrative offices, to better satisfy the current and future healthcare needs of Mariposa County residents and visitors.” Note the inclusion of “satellite clinics” in the facilities eligible for enhancements under this initiative, which was not the case for Measure N.

Why A Sales Tax

Why did the Citizens to Save the Hospital committee choose to pursue a sales tax rather than a property tax?

It is a way to tax tourists. Unlike the property or parcel taxes paid only by Mariposa County property owners, sales taxes are also paid by tourists for the meals they eat in our restaurants, and the souvenirs and supplies they buy, including in Yosemite Valley. Their contribution amounts, in effect, to a subsidy for funding the project.

Why not just tax the tourists with an increase in the bed tax?

State law prohibits special districts like the John C. Fremont Healthcare District from assessing a Transit Occupancy Tax (TOT), also known as a bed tax.

How much funding is the sales tax expected to raise?

A 1% sales tax will raise approximately \$2,600,000 annually, and inflation will cause that amount to increase over the years. It is important to note that about one-third of Mariposa County’s total sales tax receipts come from purchases made by tourists.

How much is the average resident expected to pay in additional taxes if this initiative passes?

That depends on what residents buy and where they shop. Unprepared food bought in grocery stores and medicines purchased in drug stores are not taxed. Goods purchased in stores are, but only when purchased in Mariposa County or online. In other words, when shopping at stores or dining in restaurants in Merced, Modesto, Oakhurst, Fresno or other neighboring cities, residents will pay the local sales tax for those counties, not Mariposa County’s sales tax. This is also why tourists pay our sales tax for purchases made here.

How do other rural hospitals fund the construction of new facilities?

Regrettably, many rural hospitals facing this same unfunded mandate for seismic safety have closed or are considering closing. The closure of all these rural emergency rooms is one reason why wait times have increased in urban and suburban emergency rooms. Those that do endeavor to remain open must do what the John C. Fremont Healthcare District is doing: obtain special funding through property taxes, parcel taxes or sales taxes—the only three options available to healthcare districts in California.

Why can’t the John C. Fremont Hospital Foundation raise the funds needed?

Hospital foundations serving affluent communities are often able to raise significant sums of money to support various projects. And the JCF Hospital Foundation does help support the Healthcare District in a variety of ways. But unlike the San Francisco Bay Area, for example, Mariposa County has no billionaires able to donate the millions of dollars that will be needed to build a new hospital.

Has the District tried to get grant money that might be available for rural healthcare districts?

The District is constantly pursuing grant opportunities. While there are no grants available that cover general construction costs, some will cover certain regular operating expenses, freeing up District funds to be used for other purposes, including some of the costs for repurposing existing facilities. So while grants will help, they will not directly fund the construction of a new hospital.

Because the hospital already gets a 0.5% sales tax supplement, this additional tax will make the total 1.5%. Does the hospital really need that much taxpayer funding?

The current 0.5% sales tax is set to expire, so the District will only be receiving 1.5% for just over two of the 40 years, from January 2023 to March 2025, after which the total will be 1.0% or a one-half percentage point increase over what is being paid now. By the time it expires, that tax will have paid off previous debt (in the form of bonds) to fund an expansion project that began in 1994 to enable the District to offer more services and achieve its current strong financial footing. Good finances are essential to getting an affordable bond or loan for building the new hospital and making the other improvements being funded by this Citizens Initiative.

Wasn't Measure G supposed to pay for a new hospital?

No. While the five permitted expenditures under Measure G did include “Replacement or expansion of facilities, other improvements to existing buildings and grounds, planning and construction of new buildings, satellite clinic(s), additional parking and acquisition of property,” the amount (0.5%) and term (20 years) were insufficient to design, construct and equip a new hospital. Measure G funds were used to pay for the following capital improvement projects:

- Construct Clinic I adjacent to the hospital
- Expand the hospital's single Emergency Room to a 4-bed Emergency Department
- Purchase and renovate the Specialty Physician Office across the street from the hospital
- Open and equip the Northside Clinic
- Remodel the X-ray Department and Lab
- Purchase or lease patient care and medical imaging equipment
- Add air conditioning to the hospital
- Expand the parking area

It is important to note that even after the new hospital is fully operational, most of these capital improvements will continue to serve the community.

How does a total sales tax of 8.75% (short-term) or 8.25% (long-term) compare to other communities in California?

Some two-thirds of Californians already pay 8.75% or more in sales taxes, and over 80% pay 8.25% or more. Many pay as much as 10.25%. In each community throughout the state the local electorate has voted to support the additional sales tax (beyond the state's base rate of 7.25%) because they want the benefit provided. In our case, that benefit will be a new, modern hospital and emergency department to serve the community for generations to come.

The Project

What is the district planning to build?

The District will build a new hospital that meets the strict seismic safety standards required by state law. The new hospital, to be built on the existing campus next to the current hospital, will include an expanded and enhanced emergency department with enough beds to reduce wait times significantly, a surgical suite with a recovery area, easily accessible diagnostic equipment, more individual acute care rooms with adjoining private bathrooms, a new lab, a pharmacy, and many other useful services. To ensure the new facility meets the community's needs, the hospital staff will have an opportunity to provide input during the design and approval phase.

Will there be a maternity unit in the new hospital?

Unfortunately no. The reason is the low birth rate in Mariposa County, which makes it impossible to cost-justify having a maternity unit. In the early 1990s the District applied to build a new maternity wing, but the state denied the application owing to the low birth rate. This same situation exists across the country where most rural hospitals no longer operate maternity units.

Did the District consider renovating the existing hospital?

Yes, the District's Board of Directors has given this and other options careful consideration, including in consultation with other healthcare districts, as well as with professional architects and engineers specializing in hospitals. Attempting to renovate a 70-year-old structure and all its systems (electrical, mechanical, plumbing, ventilation, and fire and life safety) to meet current seismic safety standards would be very disruptive to existing services and the potential for unforeseen problems could well end up making this approach cost more than the knowable cost of new construction. New construction has the additional advantage of being better able to accommodate the increasingly sophisticated medical imaging and lab equipment. Fortunately there will be ways to repurpose the existing hospital for other needs, and that is part of the project (see question below).

Why not just build a new emergency department next to the existing hospital?

That is simply not an option anywhere in California, where emergency departments must be part of acute care hospitals that provide a full range of healthcare and related services. According to Senate Bill 687, the State Department of Public Health "shall not license a stand-alone emergency room, freestanding emergency department, or freestanding emergency center that is not part of a general acute care hospital facility providing 24-hour inpatient care with basic services, including, but not limited to, medical, nursing, surgical, anesthesia, laboratory, radiology, pharmacy, and dietary services."

Why not just build an Urgent Care Clinic that functions like an emergency room?

Urgent Care Clinics are becoming increasingly popular for their ability to make healthcare more readily available and affordable, but they are not a substitute for emergency rooms. They rarely operate 24/7 and invariably lack the sophisticated medical imaging and patient support equipment needed to diagnose and treat medical emergencies, such as traumatic injuries, strokes, heart attacks and other potentially life-threatening conditions. Scripps Health provides a good explanation of the differences among emergency rooms, urgent care clinics and walk-in clinics in

an article titled “Should You Go to the Emergency Room or Urgent Care?” available online at www.scripps.org/news_items/4231-should-you-go-to-the-emergency-room-or-urgent-care.

Could the hospital, clinics and skilled nursing facility be sold to a for-profit corporation or nonprofit organization that operates other hospitals?

Legally, yes. Practically, no. The finances of rural hospitals like ours (with revenues coming mostly from Medicare and Medicaid) make them unattractive to the major healthcare providers, which depend on revenue coming mostly from higher-paying private medical insurance companies. And John C. Fremont Hospital would be even less attractive as an acquisition given the need to build a new hospital. The fact is: No major healthcare provider has ever approached the District, but if one were interested, the residents of Mariposa County would need to approve the sale in a special election. And because that would mean forfeiting the ability residents now have to elect the governing Board of Directors, a majority would likely vote no.

Why are there not any architectural drawings of the new hospital yet?

The rigorous planning involved is expensive, and the money needed to pay the architects will not be available until a source of funding is secured. This initial phase of design and approval will also involve the construction company, whose planning role will be to estimate costs, enabling the District to make fully informed decisions regarding what and what not to include in the plan submitted to the state for approval.

When will the new hospital be built?

If the Citizens Initiative passes, the design and approval phase will begin immediately. This initial phase is expected to take 2 to 3 years to complete, and will be followed by securing long-term financing for the construction project. Although there remain some unknowns, construction can be expected to begin in year 3 or 4 and take 2 to 3 years to complete. With the new hospital fully operational in advance of the 2030 deadline, work will then begin on modifying and repurposing existing facilities to serve other needs. It is important to note that sales tax receipts not used during the design and approval phase will be placed in reserve for paying off the bond or loan used to finance the construction phase, or for other purposes permitted by the Expenditure Plan.

What is the plan for repurposing the existing buildings?

The future uses for existing facilities will be determined during the design phase of the new hospital. For example, the primary care clinic was built fairly recently in 1996 and will likely remain a clinic, potentially with some improvements. Existing facilities could also be used to expand skilled nursing services beyond the current Ewing Wing, for administrative offices or for some other purpose that might be identified.

How much is the total project expected to cost?

The total cost cannot be known until the plans are finalized. But what is known now is that similar healthcare districts serving similar communities have spent between \$60 million and \$80 million on new seismically safe hospitals. Because building costs are constantly increasing, it is reasonable to expect the final cost to be near or potentially above the high end of that range.

How can I be assured the district is going to invest this money wisely?

This money is earmarked 100% for the purposes explicitly outlined in the Expenditure Plan (included verbatim in another question) and cannot be used for any other purposes. The Citizens Initiative also includes an Accountability and Transparency section that requires the Healthcare District's Board of Directors, in an open, public process subject to the Brown Act, to:

- establish a separate "Save the Hospital" Fund wherein all sales tax proceeds generated shall be deposited
- prepare or cause to be prepared a General Implementation Plan for implementing the Expenditure Plan
- prepare or cause to be prepared Quarterly Financial Reports summarizing any expenditures pursuant to the Expenditure Plan and General Implementation Plan
- prepare or cause to be prepared Annual Progress Reports describing progress made on the Expenditure Plan and General Implementation Plan

Can funds raised by this Citizens Initiative be taken away by Mariposa County or the state of California to be used for other purposes?

No. All funds are earmarked for the John C. Fremont Healthcare District, and the District can only use the funds for those purposes explicitly outlined in the Expenditure Plan.

About the John C. Fremont Healthcare District

Is the John C. Fremont Hospital a county hospital?

No. The John C. Fremont Healthcare District covers the same geographic area as Mariposa County, which is why some people might believe it is a county hospital. But John C. Fremont Hospital is a community-owned hospital that is governed by a locally elected Board of Directors (not the Board of Supervisors) accountable to Mariposa County residents.

Is the Healthcare District part of County Government?

No. Just as the Mariposa County Unified School District and the Mariposa Public Utility District are separate entities governed by their own separate boards of directors, the John C. Fremont Healthcare District is a separate entity governed by its own separate Board of Directors elected by the citizens of Mariposa County.

So is the Healthcare District like a private corporation?

No. Healthcare districts are public entities that provide community-based healthcare services to residents in established districts throughout the state. In our case, the citizens of Mariposa voted overwhelmingly in 1947 to build a hospital in the town of Mariposa by creating a county-wide Hospital District (now called a Healthcare District). Each of California's healthcare districts is governed by a locally elected Board of Directors who are directly accountable to the communities they serve. The John C. Fremont Healthcare District is a member of the Association of California Healthcare Districts (ACHD), which offers additional information on the Web at www.achd.org for anyone interested in learning more.

How are healthcare districts structured?

A good overview is provided by this excerpt taken from a guide published by the California HealthCare Foundation (<https://www.chcf.org/wp-content/uploads/2017/12/PDF->

[CaliforniasHealthCareDistricts.pdf](#)): “First established in 1946, health care and hospital districts are a form of local government known as a ‘special district,’ described under California state law. Special districts are designed to provide a particular function in a specific geographic area and are governed by an elected board of directors. Special districts are independent from city or county governments, which traditionally provide a variety of services in a larger geographic area. The districts provide such unique services as police, fire, sanitation, health care, water, waste disposal, lighting or landscaping services. They are created at the will of local residents to fulfill a particular need not being met by other governmental or private agencies... To respond to the inadequacy of acute care services in the non-urban areas of the state, the California legislature enacted the Local Hospital District Law (section 32000 et seq. of the Health and Safety Code) in 1945. The intent was to give rural, low income areas without ready access to hospital facilities a source of tax dollars that could be used to construct and operate community hospitals and health care institutions, and, in medically underserved areas, to recruit physicians and support their practices (e.g., subsidies, office space, equipment).”

The hospital has been criticized in the past for poor management. How can the community be assured that won't be the case for the new hospital?

The hospital's finances are audited by an impartial outside firm of experts every year, and the resulting report is public information that is posted on the District's website (www.JCF-Hospital.com). These reports reveal the financial situation improved substantially when the District recruited experienced professionals in key administrative positions several years ago. The District was also criticized at the time for using “outsiders” rather than Mariposans. But the fact is: running a hospital takes special talent, and having that talent here has made John C. Fremont Hospital a well-run operation. The prudent fiscal management has also enabled the hospital to expand services, recruit more specialists and reduce turn-over by boosting employee morale. And when something is working well, there is no need to make a change, so the community should expect these best practices to continue.

If the hospital's financial position is strong, why is additional funding needed to build a new hospital?

The hospital is able to cover its regular operating expenses, and the District is proud of being able to do that responsibly. Building a new hospital to current seismic safety and other building standards is not a regular cost, however. Which is why rural hospitals like ours inevitably need some form of special financing, such as the sales tax in this Citizens Initiative.

Where can I go for more information about the District?

Information on the John C. Fremont Healthcare District website: www.JCF-Hospital.com

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