



Save the Hospital

Frequently Asked Questions

The State of California now requires all hospitals to meet strict seismic safety standards, and John C. Fremont Hospital is facing closure in 2030 for not being in compliance with these standards. 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 state's Department of Health Care Access and Information (HCAI, formerly the Office of Statewide Health Planning and Development) by 2030 or face closure. Measure P will provide the funds needed by the Healthcare District to come into full compliance by constructing a new seismically safe hospital.

Measure P proposes adopting a 1% transaction and use (sales) tax for a period of 40 years to provide the funds needed 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 support the emergency medical care and other healthcare needs of Mariposa County residents and visitors for generations to come.

The Need for a New Hospital

How do we know the hospital is not compliant with the state's seismic safety standards?

The hospital was inspected by state officials and assigned a Structural Performance Category rating of SPC 2, which covers [emphasis added]: "Buildings in compliance with the pre-1973 California Building Standards Code or other applicable standards, but *not in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act*. These buildings do not significantly jeopardize life, but may not be repairable or functional following strong ground motion. These buildings must be brought into compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act, its regulations or its retrofit provisions by January 1, 2030, or be removed from acute care service."

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

Yes. In the past, 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. 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. It is important to note that 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, 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.

State law (Assembly Bill 2190 passed in 2018) requires all non-compliant hospitals to submit an attestation acknowledging their non-compliance with the seismic safety standards. The link to a copy of the District's attestation letter dated 20 May 2020 is available in the online version of the Frequently Asked Questions at www.SaveTheHospital.org.

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.

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.

Measure P

Why was the Citizens Initiative ordinance replaced by one from the Healthcare District?

Immediately after the Board of Supervisors to put the Citizens Initiative ordinance on the ballot, The Citizens to Save the Hospital committee learned that paperwork had been filed with the Attorney General’s office for a statewide proposition titled the *Taxpayer Protection and Government Accountability Act*. If passed when expected to be on the ballot in the November 2022 General Election, the changes this proposition would make to the California Constitution (retroactive to January 2022) would invalidate the Citizens ordinance.

The Citizens committee met with the Board of the Healthcare District and together agreed that the best way to ensure the effort to Save the Hospital cannot be invalidated would be to have the District modify the Citizens ordinance to satisfy all the provisions in the proposed proposition. The Citizens committee and District Board further agreed to keep all three improvements that were included in the Citizens ordinance to address concerns voters had with Measure N:

- Imposing a “sunset” to terminate the sales tax after 40 years
- Revising the Expenditure Plan to more clearly describe how the funds can be spent
- Adding an Accountability and Transparency section to require more rigorous accounting

Did the Healthcare District make any other changes to Citizens Initiative ordinance?

The Healthcare District was quite faithful to the Citizens Initiative version, making mainly the changes needed to satisfy the provisions of the proposed proposition, while also making some general improvements and corrections. New items include the Whereas’s at the beginning and a section on bonding. The Expenditure Plan was moved from an Appendix into a section, and two new (quite reasonable) authorized expenditures were added, along with a new limitation (as required by the proposed proposition). The Accounting and Transparency section was made even more rigorous with the addition of three new provisions, along with the deletion of a General Implementation Plan, which would be superfluous in such a complex project.

What specifically does the proposed Taxpayer Protection and Government Accountability Act require?

While the Citizens Initiative ordinance was well-written, having been modeled after similar successful measures, there are some specific requirements in the proposed proposition that it did not satisfy. The tax rate of 1% is specified, but there is no mention of “estimated annual amount”. The Expenditure Plan is quite specific about how the tax revenue can be spent, but it does not include a “specific and legally binding and enforceable limitation”. There is also a requirement for including certain details in the Title & Summary. For those interested in the

details, here is a link to the proposed Taxpayer Protection and Government Accountability Act: <https://oag.ca.gov/system/files/initiatives/pdfs/21-0042A1%20%28Taxes%29.pdf>. See Section 6 for the provisions that apply to local tax initiatives like Measure P.

Why not just modify the Citizens Initiative ordinance?

Any changes, even minor ones, made to the Citizens Initiative ordinance would have required going through the signature-gathering process all over again. Not only would this have taken a considerable amount of time and effort, which would risk missing deadlines for putting the measure on the June 2022 Primary Ballot, the proposed proposition would have required a two-thirds majority vs. a simple majority to pass. With no longer having any advantage for a Citizens Initiative, the Citizens committee and Healthcare District Board agreed to have the District modify the Citizens ordinance, then have the Board of Supervisors place it on the ballot, just as was done with Measure N.

Why are the Citizens committee and Healthcare District so certain the Taxpayer Protection and Government Accountability Act will pass in November 2022?

Propositions like this often receive substantial support from anti-tax organizations and very little organized support from those opposed, making them highly likely to pass. That would force the community to make a third attempt to save the hospital in 2024, and that might be too late to make the 2030 deadline for compliance. If the proposition doesn't pass, the only downside will be the extra effort required to modify the ordinance and campaign for passage by a two-thirds majority. "Better safe than sorry," as the old adage goes.

Why not just have the Board of Supervisors pass the Citizens Initiative ordinance directly?

The proposed Taxpayer Protection and Government Accountability Act proposition also prohibits direct passage of a tax by a local governing body (City Council or Board of Supervisors), so that action would also have been invalidated if the proposition passes. In addition, and totally separate from the proposed proposition, is the virtual certainty such action would have been challenged in court because it would be the first time a citizen had legal standing to do so.

How did the "Citizens to Save the Hospital, Yes on Measure P" 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 supporting Measure P can volunteer or make a donation to help fund the campaign.

Who is funding the campaign for Measure P?

All campaign expenditures are being paid by the Citizens to Save the Hospital, Yes on Measure P 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 should I support Measure P?

If successful, Measure P 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, with a new, modern facility, to attract and retain the highly qualified medical professionals, including specialists, needed to better serve our community

I live closer to other hospitals with emergency rooms. Why should I support Measure P?

For most Mariposa County residents, John C. Fremont Hospital has the closest emergency room while they are at home, at work or running errands. And all county residents, regardless of where they live or work, are eligible to receive air ambulance transport services coordinated by the hospital's Emergency Department. 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 Measure P support making enhancements to the Northside Clinic?

Yes, it does. The language of the Expenditure Plan permits the District to "fund the remodeling, modification, repurposing and equipping of existing Healthcare District facilities including, but not limited to, the existing John C. Fremont Hospital building, 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 Measure P, 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 the only 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. County Government estimates that about one-third of Mariposa County's total sales tax receipts come from purchases made by tourists.

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.

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.

How much funding is the sales tax expected to raise?

A 1% sales tax will raise approximately \$2,800,000 per year initially, and inflation, combined with growth, will cause that amount to increase over the years.

How much is the average resident expected to pay in additional taxes if Measure P 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 Oakhurst, Merced, Modesto, 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 facing closure. The closure of all these rural hospitals 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 from Measure G is set to expire in 2025, so the District will only be receiving 1.5% for just over two of Measure P's 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 Measure G 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 Measure P.

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

No. Measure G reinstated a previous 0.5% sales tax that had expired on 30 June 2004 and was intended primarily to supplement operating expenses. 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. The link to a copy of the Measure G Expenditure Plan is available in the online version of the Frequently Asked Questions at www.SaveTheHospital.org.

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 important 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.

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, fire and life safety, etc.) 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 laboratory equipment. Fortunately, there will be ways to repurpose the existing hospital for other needs, and that is also 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.

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 unit, 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.

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 may well 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. A set of preliminary drawings was prepared by the architects to help visualize and analyze the available options, and these are available in the “About Us” section of the District’s website at www.jcf-hospital.com.

When will the new hospital be built?

If Measure P 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 and cannot be used for any other purposes. Measure P 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 dedicated “John C. Fremont Healthcare District Improvement Fund” account into which all proceeds generated by this ordinance shall be deposited
- establish a dedicated bank account wherein all proceeds from this tax remitted by the County shall be deposited
- prepare or cause to be prepared a Quarterly Financial Report summarizing any expenditures pursuant to the Expenditure Plan
- prepare or cause to be prepared an Annual Progress Report for the general public describing progress made toward implementation of the Expenditure Plan

- establish an Oversight Committee consisting of the CEO of the John C. Fremont Hospital, two members of the Healthcare District Board of Directors and two community members who are not employed by or otherwise associated with the operation or governance of the John C. Fremont Hospital or Healthcare District
- provide all reasonable information and assistance to County Government as requested in order for the County to prepare an annual report showing the amount of funds collected and expended from the special tax, and the status of any project required or authorized to be funded by the special tax
- conduct or cause to be conducted an independent audit of expenditures of the special tax to ensure such expenditures are in compliance with the Expenditure Plan and other provisions of this ordinance

Can funds raised by Measure P 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 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).”

How large is the Healthcare District?

A good measure of the size of a healthcare district the number of people employed, and the John C. Healthcare District has a staff of 270 full- and part-time employees with an annual payroll of nearly \$14 million. It is important to note that such a large staff makes the Healthcare District a significant contributor to the local economy.

How can the community be assured that the new hospital will be managed well?

The hospital’s finances are audited by an impartial outside firm 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. Such 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 Measure P.

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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