

CALL TO ORDER

Mayor Procter called the meeting to order at 6:30 p.m. Kay Wilson-Bolton offered the invocation, and Mayor Barajas led the Pledge of Allegiance to the Flag.

ROLL CALL

Councilmember Richard C. Cook, Councilmember Mary Ann Krause, Councilmember Ray C. Luna, Vice Mayor Gabino Aguirre, and Mayor John T. Procter from the Santa Paula City Council responded to roll call. Councilmember M. Cecilia Cuevas, Councilmember Patti Walker, Mayor Pro Tem Ernie Villegas, and Mayor Evaristo Barajas from the Fillmore City Council responded to roll call. Santa Paula City Manager Wally Bobkiewicz, Fillmore City Manager Roy Payne, Fillmore City Attorney Robert Myers, Santa Paula City Clerk Steven J. Salas, and Santa Paula Deputy City Clerk Josephine G. Herrera were also present. Councilmember Ken Smedley from Fillmore was absent.

PROGRAM

A. Overview of Presentations

Mayor Procter welcomed the Fillmore City Council, County Supervisor Kathy Long, Janet Bergamo from the Piru Neighborhood Council, and everyone in attendance.

Mayor Barajas noted that Fillmore was in support of doing what is necessary to maintain Santa Paula Memorial Hospital, and thanked the Santa Paula City Council for inviting Fillmore to take part in the discussions.

Janet Bergamo, representing the Piru Neighborhood Council, spoke in support of keeping Santa Paula Memorial Hospital open, and submitted her written comments for the record.

B. Presentation from Mark Gregson, Chief Executive Officer, Santa Paula Memorial Hospital

Mark Gregson, Chief Executive Officer of Santa Paula Memorial Hospital, provided a Power Point Presentation outlining the hospital financial crisis, addressed the hospital's contract with Quorum Management, and encouraged the use of the hospital.

C. Presentation from Santa Paula and Fillmore Chamber of Commerce

Jeanette Maland, 811 Teague Drive, spoke in support of keeping the hospital open, and offered the assistance of the Chamber of Commerce in providing informational forums, distributing flyers, and encouraging the community to use the hospital.

Cindy Jackson, representing the Fillmore Chamber of Commerce, spoke in support of keeping the hospital open.

D. Presentation by Ventura County Supervisor Kathy Long

Ventura County Supervisor Kathy Long spoke regarding the possibility of a partnership with the County of Ventura, and noted that the County of Ventura is committed to work with the hospital to keep it open.

E. Overview of Other Rural Health Issues

City Manager Wally Bobkiewicz reviewed a packet of information regarding other rural health issues, and spoke briefly on the idea of a health care district.

PUBLIC COMMENT

Flo Zakrajshek, 1000 Cadway, spoke in support of the hospital, and requested that questions be answered regarding rumors of embezzlement and misappropriation of funds to cover personal expenses for the Chief Executive Officer and the Chief Financial Officer of the hospital.

Jody Caudillo, 720 W. Santa Maria Street, President of the Santa Paula Memorial Hospital Auxilliary "Pink Ladies", spoke in support of the hospital, and offered the following recommendations:

- Remove Quorum Management as the managing firm, and look at the current in-house management team and perhaps make changes.
- Contract out accounts payables and receivables.
- Look at current paid staffing and possibly downsize. Evaluate the operation of Stork Night, human resources, and quality control. Consider not having a Public Relations Department due to the cost.
- Consider asking all employees to take a temporary reduction in salaries during the financial crisis.

She offered a \$5 donation, and challenged the community to make a financial contribution.

Kay Wilson- Bolton stated that she had not heard of the rumors addressed this evening, and stated that she hopes everyone will keep an open mind to new possibilities.

Phillip H. Romney, 137 N. Tenth Street, Chairman of the Board of Directors for Santa Paula Memorial Hospital, addressed the remarks concerning embezzlement by noting that an audit is performed annually which is reviewed by the Finance Committee and the Board of Directors. Also, living expenses were paid for the CEO and CFO while they were employed on an interim status; however, they are now permanent employees and the hospital is no longer paying their living expenses. He further spoke in support of the the contract with Quorum, the present Business Department, and the management team.

Councilmember Cook posed the following questions given to him by the concerned citizens:

- Concerns received from citizens and employees that they are not receiving communication from hospital management.
- What is the annual salary of the CEO and CFO, and who pays them?
- What is the annual cost of the contract with Quorum?
- What benefits does the hospital pay to Quorum for compensation for the CEO and CFO?
- What did the \$75,000 expenditure cover for an administrative audit by a consulting firm for the administration of the hospital?
- What is the cost difference from the former management system compared to Quorum?
- Whether it was true that only the majority of the board attends most meetings and makes all of the decisions?
- Whether it was true that the funds received in the Christmas fundraiser went into the general fund instead of the ER fund?
- Whether it was true that the hospital is failing to pay retirement funds for full-time employees and has not made payments for the last three months? If so, when does the hospital plan on making payments?
- If the hospital has not been solvent for the last two years, why has the board not taken action sooner? Are they fearful they will need to give up their seat on the board and admit their failure?
- How have the issues of responsiveness and timely reports for patients been addressed to expedite patients receiving their medical reports?
- What plans will the hospital take within the next seven years to meet the requirements to retrofit the hospital due to the cost of retrofitting exceeding the cost of the hospital property?

Phillip H. Romney addressed the concerns by stating:

- The hospital administration meets with hospital employees on a regular basis to keep them informed.
- The board has worked hard for the past three years to develop a plan to combat declining revenues and increasing costs, and to develop better relationships with physicians.
- The boardmembers continue to be eager to serve the community.

- The Board has reviewed the contract with Quorum at length and are satisfied that it receives “more bang for the buck.” Also, the reason the board cannot disclose specifics is because of the confidentiality clause; however, the amount paid to Quorum in comparison to the overall budget is insignificant.
- The board makes payment to Quorum, who in turn pays the CEO and CFO.
- He is not aware of the \$75,000 expenditure for an audit. However, he would ask Mr. Gregson to address these concerns and the issue with communication with hospital employees.

Jeanette Maland, 811 Teague Drive, shared her personal experiences with the use of the hospital, and spoke in support of the hospital.

Jack Tothoroh, 970 Terracina, stated that he and his wife are strong supporters of the hospital, and suggested the consideration of forming a Heritage Valley Hospital District.

Fire Chief Pat Askren, 722 Baldwin Lane, Fillmore, spoke regarding the response time in taking patients to the hospital, addressed the difficulty it would be to keep patients alive if they need to be taken to hospitals in Ventura, and requested that no stone be left unturned to find a solution to save the hospital.

RECESS TO A BREAK

Mayor Procter recessed the City Councils to a break at 8:20 p.m.

RECONVENE MEETING

Mayor Procter reconvened the City Councils at 8:35 p.m.

Phillip H. Romney continued to address the questions posed:

- The funds donated to the ER fund are kept in a separate fund to be set aside for improvements to the ER.
- The hospital has received an estimate of \$2 million for retrofitting, which does not exceed the value of the hospital property.
- The Public Relations Department is needed now more than ever.
- The board has studied the possibility of a hospital district, which will need a super majority of the voters.
- Efforts should be focused on preserving the facility, which is vital to the community.

Dr. Ernest Carlson, 1323 Say Road, stated that he had studied the formation of a hospital district. He noted that he had met with an elections specialist, who concluded that the board would need to be enthusiastically in support in order for it to pass the

election. He also noted that the board decided to table any action regarding the formation of a hospital district for three to six months.

Zahid Shah, 7218 Wheeler Canyon Road, expressed his concerns that the hospital come up with a plan to keep it solvent, and that the hospital inform the community on their plans and how they will accomplish them.

Don Oliver, 324 S. Steckel Drive, spoke in support of keeping the hospital open, and suggested the formation of an ad hoc committee comprised of the hospital board, Santa Paula and Fillmore City Councils, and a representative from Piru to investigate the possibilities on what can be done to save the hospital.

Mark Gregson addressed the issue of confidentiality regarding the contract with Quorum by offering information from Tax Form 990, which indicates that Quorum receives \$498,000 annually for salaries, wages, and benefits for the CEO and the CFO. He further stated that the ultimate answer in saving the hospital is to use the facility.

DISCUSSION BY SANTA PAULA AND FILLMORE CITY COUNCIL

Councilmember Cook stated that he had addressed the community and employees' concerns this evening, and spoke in favor of forming an ad hoc committee.

Councilmember Walker expressed the need for public outreach, and stated that any plans must be communicated to the community and the hospital staff.

Councilmember Luna spoke in support of the emergency services provided to the area and in support of the Public Relations Department. He posed the following questions:

- Is there a possibility for the hospital to be downsized before closing?
- If the hospital is downsized, can it be converted to a medical center and/or health care facility?
- Are the hospital beds full?
- What are the proportion of services in regards to medical cases and hospital stays and services?
- For every 100 residents who have been hospitalized in the last year, how many have used Santa Paula Memorial Hospital?

Councilmembr Luna further spoke in support of keeping the hospital open and forming an ad hoc committee.

Mayor Pro Tem Villegas offered the following comments:

- Communication in order to educate and outreach to the community to inform them how important it is to keep the hospital open.

- Cooperation among the hospital, its board of directors, its administration, the City Councils, the County, and the community as a whole.
- Collaboration to look at other venues “outside of the box.”
- Consideration of how this will be applicable now and in the future.
- Consider what type of commitment the community will have. Consider the idea of forming an ad hoc committee with members of the City Councils, community leaders, and someone from the County to form concrete solutions to help the hospital now and in the future.

Mayor Procter provided remarks he received from Mr. Boales, a hospital employee, in general support for the hospital.

Mayor Barajas stated that there is a definite need for the hospital, and spoke in favor of carrying forward the suggestions received, including investigating the formation of a hospital district.

Vice Mayor Aguirre spoke in support of the hospital, and offered the following comments:

- The need for short term goals to keep the hospital afloat.
- The need for more volume of patients.
- The need to look at the management firm and address the questions brought up tonight.
- The need to direct patients to the hospital and look at local physician support.
- The need for the City Councils and Chambers of Commerce to mount an aggressive public relations campaign.
- The need for long term goals to increase the volume of patients, to examine partnerships, to continue to provide general services and speciality services, and to keep the organization economically viable.

Vice Mayor Aguirre expressed his concern with IPAs and his concern that certain records will not be disclosed due to confidentiality. He further suggested the investigation of the possibility of forming a hospital district.

Councilmember Cuevas expressed her concern that if the formation of a hospital district tax is to be considered, that the hospital’s financial records must be made available to the public. She asked how long has it been since the board has developed a strategic plan and the timeframe of any plan in effect. Mr. Gregson responded that the hospital board developed and adopted a strategic plan in August 2002 after receiving community input. Councilmember Cuevas continued offering her remarks in support of an ad hoc committee, encouraged the hospital to seek opening the corporation to a publicly-held corporation, and spoke in support of outreach and public relations. She concluded her comments by offering the following comments:

- Continue to provide health services.

- Continue to provide outreach to the community.
- Continue to look at the services provided.
- Focus on patient care, preventative health maintenance.
- Continue to provide information to hospital staff and hospital board.
- Accept the realities of constraints in terms of budgetary concerns.
- Express loyalty to the commitment in serving the community.

Councilmember Krause address the non-profit law section 501c3 which defines a non-profit as a public benefit corporation. She questioned what is the hospital's strategic plan, and urged the hospital to work with Supervisor Long to see what can be done to engage the county hospital in protecting the hospital's interests and to have the County's employee health plan use services at Santa Paula Memorial Hospital. She further stated that the short term goal is to protect the hospital, and offered to participate in ad hoc committee.

Mr. Romney addressed the confidentiality issue, and stated that the board may be able to share the hospital's strategic plan with an ad hoc committee. He further stated that the ultimate answer would be for the community to use the hospital.

RECESS TO A BREAK

Mayor Procter recessed the City Councils to a break at 9:50 p.m.

RECONVENE MEETING

Mayor Procter reconvened the City Councils at 9:55 p.m.

Fillmore City Manager Roy Payne stated that public safety is the first priority of the community, and the hospital is a part of the public safety needs.

Santa Paula City Manager Wally Bobkiewicz suggested that the City Councils create an ad hoc committee of ten members with four members selected from each City Council, one representative from the County of Ventura, and one member representing Piru, and that appointments to this ad hoc committee be made by next week. He further recommended that the ad hoc committee bring back their report by March 1, and that perhaps Santa Paula and Fillmore hold another joint meeting.

Mayor Procter offered the following comments:

- Be open-minded about consolidation with another hospital.
- Consider the formation of a hospital district.
- Consider a short term plan such as fundraising.
- Establish a hotline to answer questions if physicians do not refer patients to Santa Paula Memorial Hospital.

ADJOURNMENT

There being no further business to come before the Santa Paula and Fillmore City Councils, Mayor Barajas adjourned the meeting at 10:02 p.m.

ATTEST:

Steven J. Salas
City Clerk