

TRI-CITY HEALTHCARE DISTRICT

Continuing Issues

SUMMARY

The 2011/2012 San Diego County Grand Jury (Grand Jury) received a complaint that a Tri-City Healthcare District (District) Board Member was denied access to hospital records. The complainant expressed concerns that the current management team may not have been hired in accordance with hospital policy. The complainant also had issues with the management style, including concerns of cronyism, coercion, and possible fiscal wrongdoing.

The Grand Jury conducted interviews and called for an independent audit of Healthcare District financial records.¹ The Grand Jury asked for and received the public records in question.

The Grand Jury recommends an evaluation of the current governance structure, and makes suggestions for restructuring the terms of service. Additionally, recommendations are made to the cities and unincorporated areas served by the District.

The Grand Jury commends the hospital for maintaining high standards of care in the face of negative publicity. In spite of the challenges presented by the governing body, the Grand Jury believes the staff remains positive about the present and optimistic for the future of the hospital.

INTRODUCTION

The Grand Jury investigated a complaint that Tri-City Healthcare District public records were not made available to a Board member upon request. The Board member then sought access under the Freedom of Information Act and was again denied the request with the explanation that the request was too broad. The investigation also revealed continuing issues with conduct and operation of the District Board of Directors.

PROCEDURE

The Grand Jury conducted interviews with current and former District staff, management, members of the Board of Directors, and independent contractors. The Grand Jury examined televised broadcasts of Board meetings and reviewed past and current media reports. County auditors conducted an independent audit of financial records and pension funds.

DISCUSSION

The Tri-City Healthcare District (District) is a political subdivision of the State of California organized pursuant to the Health and Safety Code, Division 23.

The District operates a 397-bed acute care hospital in northern San Diego county. It was formed in 1957, and the hospital opened in 1961, and serves the communities of Vista, Carlsbad, and

¹San Diego County Office of Audits & Advisory Services, *Audit of the Tri-City Healthcare District*, Report to the 2011/2012 San Diego County Grand Jury.

Oceanside, with some services to Camp Pendleton. The District derives approximately 2.5 percent of its funding from local taxpayers.

The District is governed by a seven-member publicly elected Board of Directors. Members are elected to four-year terms with no term limits. The terms of four of these Board Members expire this year (2012).

The District is frequently in the news. Accusations of malfeasance, restraining orders, lawsuits and countersuits among the Board of Directors, are some of the issues they have confronted.

Past Grand Juries have addressed issues of dysfunction among the Board of Directors. The 2010/2011 San Diego County Grand Jury made several recommendations to improve the operation of the Board, but those conditions still exists.²

The complaint regarding one Board member's inability to obtain records was not substantiated by the Grand Jury's investigation. However, many issues arose regarding the entire Board and District management. Issues of Board misconduct and malfunction were raised in every interview during the investigation. The 2010/2011 San Diego County Grand Jury had also addressed these issues.

The Board member believed that access to records had been denied because of positions taken in opposition to the Board majority and to the current District management team. The complaint further alleges that district policy was ignored when the current District management team was hired. There was concern that employment contracts contained financial entanglements that were not in accordance with District policy. No improprieties in hiring practices were found by this year's Grand Jury.

Other interviewees made allegations that accounting practices do not reflect reality. There were concerns expressed regarding double sets of books, falsification of accounts receivable and mishandling of retirement funds.

The Grand Jury request for records was met with full compliance and cooperation by District management. The Grand Jury requested the San Diego County Office of Audits and Advisory Services to audit District financial records and retirement funds. The audit report reflected no evidence of improper accounting practices or misuse of pension funds.³

Many of the Board members have been disciplined, sanctioned, rendered ineffective because of potential conflict of interest issues or compromised by personal issues involving professional and educational credentials. Some Board members have been barred from closed meetings or are currently barred from all meetings for inappropriate behavior. One Board member must participate in meetings from another room under guard. Within the past year there have been lawsuits among Board Members.

² 2010/2011 San Diego County Grand Jury, *R_x for Change at Tri-City Healthcare District*, report to Tri-City Healthcare District, March 24, 2011.

³ San Diego County Office of Audits & Advisory Services, *Audit of the Tri-City Healthcare District*, Report to the 2011/2012 San Diego County Grand Jury.

All staff members interviewed expressed concerns regarding the reputation of the Healthcare District and the ability to recruit appropriate personnel because of the open conflict and dysfunction of the Board.

FACTS AND FINDINGS

Fact: The complainant was denied access to public records by Tri-City Healthcare District Administrators.

Fact: The complainant was later told the request for records was too broad.

Fact: The complainant sought the records under the Freedom of Information act and was still denied access.

Fact: The Grand Jury requested public records and they were provided.

Finding 01: The Tri-City administration was unresponsive to the records request from the complainant; however the records were provided to the Grand Jury.

Fact: The Grand Jury requested an audit of Healthcare District financial records which was conducted by San Diego County's Office of Audits & Advisory Services.

Finding 02: The auditors' report found no discrepancies.

Fact: The Healthcare District's last independent audit revealed a substantial and positive turnaround in its fiscal condition.

Finding 03: The current District management team appears to have turned a fiscal corner and put the District on the road to financial recovery, in spite of challenges posed by the Board of Directors.⁴

Fact: All parties interviewed agreed that the Board is not functioning in a productive manner.

Fact: Within the past year the Board has been involved in several lawsuits among its fellow members.

Finding 04: Members of the Board do not appear to work together.

Finding 05: Board meetings are disorderly and lacking in cooperation and respect. Some Board members appear to show open contempt for each other.

Fact: Many Board members have been disciplined, sanctioned, rendered ineffective because of potential conflict of interest issues or compromised by personal issues involving professional credentials and education.

⁴ Report of Independent Auditors and Consolidated Financial Statements for Tri-City Healthcare District – June 30, 2011 and 2010

Fact: Some members have been or are currently barred from all closed meetings for inappropriate behavior.

Fact: One Board member must participate from another room under uniformed guard.

Finding 06: There appears to be minimal structure and order in the meetings.

Fact: The terms of four of the seven seats on the Board of Directors expire in November 2012.

Finding 07: The Grand Jury believes the coming election to be an excellent opportunity for the electorate to remake the current Tri-City Healthcare District Board of Directors into a less distracting and more professional body.

RECOMMENDATIONS:

The 2011/2012 San Diego County Grand Jury recommends that Tri-City Healthcare District Board of Directors:

12-45: Adhere to Board policies and procedures.

12-46: Conduct their meetings using Robert's Rules of Order.

12-47: Seek professional training aimed at team-building and appropriate meeting conduct.

The 2011/2012 San Diego County Grand Jury recommends that the San Diego Local Agency Formation Commission (LAFCO) take action to:

12-48: Convene a representative panel consisting of representatives from the cities of Carlsbad, Oceanside, Vista and the San Diego County Board of Supervisors and 1 to 2 members of the public along with a representative of the Healthcare District to evaluate the governance of the Tri-City Healthcare District to determine if an elected board is the District's best option.

The 2011/2012 San Diego County Grand Jury recommends that the City Managers for the cities of Carlsbad, Oceanside and Vista as well as the San Diego County Board of Supervisors:

12-49: Conduct informational campaigns to underscore the necessity of encouraging qualified candidates to run for the Tri-City Healthcare District Board of Directors.

COMMENDATION

The Grand Jury commends the Tri-City Hospital staff for maintaining a high standard of patient care and optimism for the District's future in spite of the challenges presented by the governing body.

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
 - (1) The respondent agrees with the finding
 - (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 - (1) The recommendation has been implemented, with a summary regarding the implemented action.
 - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
 - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.
 - (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

Responding Agency	Recommendations	Date
Tri-City Healthcare District Board of Directors	12-45 through 12-47	8/29/12
San Diego Local Area Formation Commission (LAFCO)	12-48	8/29/12
San Diego County Board of Supervisors	12-49	8/29/12
City Manager, City of Carlsbad	12-49	8/29/12
City Manager, City of Oceanside	12-49	8/29/12
City Manager, City of Vista	12-49	8/29/12

Filed: May 30, 2012