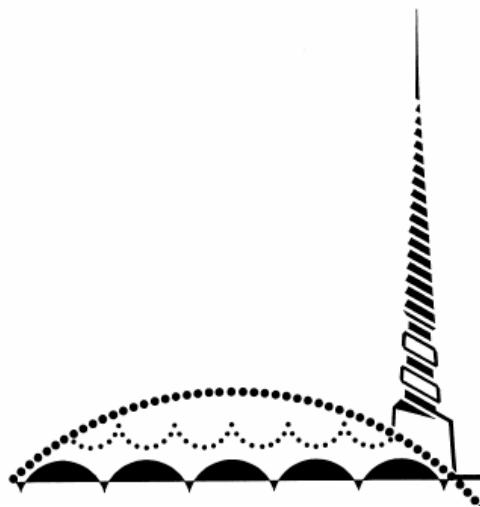
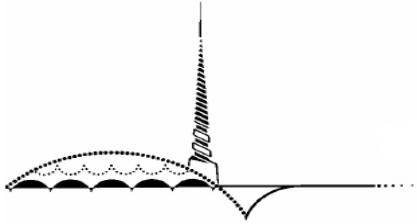

2006-2007 MARIN COUNTY GRAND JURY

THE HEALTH & WELLNESS CENTER: A Disturbing List of Unanswered Questions

Date of Report: April 19, 2007





Marin County Grand Jury

THE HEALTH & WELLNESS CENTER: A Disturbing List of Unanswered Questions

SUMMARY

Marin County has embarked on a plan to build a Health & Wellness Center in the Canal District. The cost of the project is estimated to be \$71 million, a large sum relative to the county's resources. The project will consume virtually all the millions of dollars the county will receive from the tobacco industry lawsuit settlement.

The Grand Jury wondered about the cost, benefit and impact of this project. What it discovered is that support for the project is a mile wide but only an inch deep and that there is uncertainty and hesitancy even among some members of the Board of Supervisors, all of whom voted for it. In investigating the issue the Grand Jury found the answers to its questions were both fragmented and inadequate.

Among the issues that surfaced were the following:

- Is the Facilities Master Plan, dated 2002, which was used as a basis for the project, outdated?
- Are there better uses for the windfall income from the tobacco lawsuit settlement?
- Should the project be addressed as part of the county's overall healthcare issues?
- Can the county afford such an expensive undertaking at this time with so many other financial issues at hand?
- What impact does loss of the anchor tenant have on the project?
- Is centralization the way to go?
- Will other areas of the county be underserved?
- Is there an economic benefit?
- Will this really be a wellness center or just consolidation of existing services?
- Will the proposed center only add more traffic woes to an already heavily congested area?

- Should public input on the project be sought from throughout the county?

Overall, the Grand Jury sees this project as a substantial investment that should be carefully evaluated by county officials before they proceed any further. The project is expensive, adds little value relative to its cost, and lacks the countywide public input needed prior to such a large capital expenditure. The Grand Jury does not make the argument that residents of the Canal District do not need essential and easy access to health services. They most certainly do. But so do residents of other areas of the county. Marin is smart enough to do both.

The Grand Jury strongly recommends the Board of Supervisors put the project on hold until these issues are resolved. The county should seek broad public input, conduct a needs study and rethink the decision in the context of an overall county healthcare plan.

BACKGROUND

In July 2006 the Health & Human Services Department made a proposal to the Marin County Board of Supervisors for a Health & Wellness Center to be located at Kerner and Bellam in the Canal District of San Rafael. The project involves the purchase of six neighboring buildings that would be substantially and expensively modified to meet the needs of a number of health-related services currently housed in various locations throughout the county.

The project was approved unanimously by the five supervisors, although some of them have since expressed reservations. Capital costs include \$21 million to purchase the properties and an additional \$50 million in improvements and modifications to bring the buildings up to current standards for their intended use.

Some administration officials believe that centralization will generate efficiencies and better serve clients through a “one-stop reception desk.” It will provide better access to users who live in the Canal District.

The project, however, will have significant impacts upon the City of San Rafael. The city will lose property tax revenue. A congested traffic area will become even more congested, discouraging tax-generating development in the future. There is also no funding for needed pedestrian access improvements.

METHODOLOGY

Interviews were conducted with over a dozen Marin County officials, non-profit executives, and other community leaders. A substantial amount of documentation was reviewed. Much of the written material examined is listed in the Bibliography.

DISCUSSION

During the course of unrelated investigations, the Grand Jury uncovered doubts by county officials and others about the wisdom of erecting a so-called “wellness center” in the Canal District. Although the project was unanimously approved by the Board of Supervisors, the Grand Jury did not detect overwhelming enthusiasm for the center either inside or outside of county government. Numerous interviewees were uncomfortable with the concept. The Grand Jury wondered why the supervisors voted unanimously for a project that had been labeled “a bad idea” by some pretty smart people; a \$71 million bad idea at that.

Upon reflection, the Grand Jury recognized how politically volatile it would have been to vote against a health and wellness facility in the Canal District. It is, after all, home to significant minority groups. The Grand Jury chose to open this investigation so the public could be made aware of all of the factors to be considered before the county proceeds.

Make no mistake. This is not a bid to derail the Canal District Wellness Center. There are, however, numerous red flags along the route. Rather, it is a clarion call to examine thoroughly all of the factors that may make this a good idea or, as some have already declared, a bad idea.

Reassurance is our goal. Before proceeding, we ask the county to give its residents an opportunity to have their voices heard.

Here are the questions the Grand Jury posed, and the doubts that arose in the answers.

Is the Facilities Master Plan outdated?

The Facilities Master Plan developed by Gensler Associates was published in 2002. The Master Plan supports the wellness center concept, but the Master Plan is out of date. For example, current staffing levels are far below projections. When the plan was written, the projected county staff for 2006 was 2,589. The staff count in the 2006 Marin County budget is 2,165. The 2006 staffing level is 16% fewer than had been projected. It is not anticipated that this number will grow any time soon.

The plan emphasizes the theme of “keeping service in public service”. Needs must be addressed from the point of view of the county’s residents. The centralization of health-related services in one location will certainly benefit those who live near to the center, but it will be a disservice to those residing in Southern Marin, Northern Marin and West Marin. There are pockets of need throughout the county.

Is this the best use for tobacco settlement money?

The county is a recipient of the proceeds from the settlement of a class action lawsuit brought against tobacco companies for the burden tobacco users put on the public health care system. The tobacco companies agreed to pay government entities that were party to

the suit an amount based on future sales of tobacco. Marin County, as a beneficiary of the suit, has sold its right to this uncertain future stream of income for a known amount of cash now. This means the county will no longer benefit from future tobacco sales, a somewhat tenuous ethical position under any circumstances.

The bulk of Health & Human Services budget dollars come from federal and state sources and are restricted as to their use. The tobacco funds are not project-specific. They can be used for any Health & Human Services programs, such as services for Marin's growing aging population.

The county chose to buy some of the buildings needed to house the wellness center with the tobacco funds. A number of health and human services providers, both county and non-profit, are stretched thin in meeting the needs of their clients. By sinking this substantial sum of tobacco money into bricks and mortar the county will do little or nothing to lighten caseloads and improve services for those in need. The list of services that could put these funds to good use in the spirit in which they were intended is very long indeed.

There may be better uses for the tobacco funds. In the past, the Marin Community Foundation has provided inspiration and capital for many of the non-profit organizations serving the health needs of the county. With its new "impact grant" policy, however, the foundation is now more likely to pay for a specific need, not day-to-day operating expenses. Could this void left by the loss of some foundation support be at least partially filled with tobacco funds?

Should this project be evaluated along with all county healthcare issues?

The future of Marin General Hospital is in jeopardy. County mental health needs are unfilled. The number of people without adequate health insurance is growing. Services available to Medi-Cal recipients are being reduced. Before any further action is taken on the proposed health and wellness center, should all these issues, including the role of the new center, be looked at in concert?

The Grand Jury understands that a consultant has been retained to look at the county's emerging health care issues. This review should include the role and appropriateness of the health and wellness center.

Should other economic issues facing the county be considered?

Even spending all of the tobacco proceeds to fund the proposed center, the county will still need to borrow additional millions to finish the job.

Marin is challenged with meeting a weighty slate of needs with a fairly sparse budget. The county is facing a number of big-ticket financial items. These include:

- \$378 million for retiree healthcare
- \$177 million unfunded pension liability
- Construction of the proposed new safety building
- Roadwork repair and maintenance
- Flood control

Possible reductions in federal and state revenues also loom large. Is this the time to tie up a large share of the county's limited resources in real estate?

What about the anticipated tenants -- minus one?

Anticipated tenants in the new center initially included the Marin Community Clinic, Community Action of Marin, and the Buckelew Foundation. Subsequently, the Marin Community Clinic, identified as the anchor tenant, bought its own building and opted out. Having lost its major tenant, the county needs to revise the plan for the campus if the project is to proceed. This includes realignment of approximately 11,000 of the 88,000 square feet of the proposed center.

Is centralization the way to go?

One much-touted benefit of a centralized facility is the "one-stop reception desk." While this concept is, on the surface, admirable, it may not materialize. Many of the healthcare-related services are not walk-in, but by appointment, so there is scant opportunity to address more than one need in a single day's visit. While it may appear nice to have your physician and dentist in the same medical center, the client reaps no real benefit from the common residency.

Having county-provided as well as non-profit-provided services under a common roof may sound good. But it is doubtful that such an arrangement could result in a seamless, easy-to-navigate environment. In the eye of the customer, different business hours, different record-keeping systems, different phone numbers, and different payment and insurance arrangements will still keep the service providers apart as separate entities.

County officials admit that the center, despite its cost, will fall short of meeting the expectations of the community. They have over-promised and are on the verge of under-delivering.

Rather than centralization, services could be provided throughout the county by utilizing existing community facilities or even mobile units. This would bring services to those in need, rather than requiring them to travel to another community.

Will other areas of the county be underserved?

Residents of the Canal District may well benefit from the placement of a number of healthcare-related resources at the Kerner Boulevard location. Indigent residents in other

parts of the county with healthcare needs will not be so fortunate. While centrally located in the county, the proposed center is not easy to access by car, public transportation, or even on foot. Ease of access is a major issue for many burdened with health issues. People living in Southern Marin, Northern Marin and West Marin will need to take multiple buses through heavy traffic to reach the center. For these county residents, the Facilities Master Plan's emphasis on "serving needs from the point of view of the customer" will be lost.

Is there an economic benefit?

The county expects to vacate a number of leased properties upon taking occupancy of the new facility. In a perfect world, the savings from the terminated leases would exceed the amortized cost of the new facility. However, county officials indicated the new campus will cost more than the leased space for the foreseeable future.

In addition, the \$71 million estimate is limited to building the center. County officials declare they anticipate no increase in the annual operating budget when the center opens. If true, this is very good news indeed.

Is it a new "wellness" center, or just old wine in a new bottle?

The Grand Jury received conflicting messages as to the purpose of the new facility. On one hand, it is purported to be a true wellness facility, which would promote activities that contribute to a balanced and healthy mind, body and spirit. These would include things like yoga, meditation and holistic medicine. This wellness approach was a central theme in the presentation to the Board of Supervisors and discussed in considerable detail at the presentations to Canal District residents during the community outreach programs.

On the other hand, details of the project identify it as no more than the collection in one place of health services already being offered by the county and by some non-profits. The county has no plans to fund any new activities, such as yoga instruction, tai chi classes, or other wellness programs as promoted by the county.

Will the project worsen an already severe traffic problem?

The proposed location is one of the most congested areas in the county. San Rafael has identified the area as a serious traffic problem. Traffic engineers have given the area the worst possible rating. Local businesses have complained about the congestion.

Even Canal District residents, the most direct beneficiaries of the center's proposed location, voiced some discontent during community outreach meetings. Of particular concern is the impact on traffic in the Bellam-Kerner-Anderson area, which is already described by residents as being "wretched." Many living in the Canal District would still need to drive to the center.

The impact of a large number of visitors to the center, with 50 percent coming from outside the district, will only worsen the problem. Even those arriving on foot will have problems, given the difficulty in crossing the heavily congested Bellam, Kerner and Anderson intersections.

Security was another concern of the community in light of the gang activity in the area.

Should public input be sought from residents countywide?

A community outreach program included meetings with several groups of residents in the Canal District. Given the premise that this center is meant to serve all the indigent of Marin County, having a dialog centered on only one neighborhood is inadequate.

During at least one of the community meetings in the Canal District, concern was expressed about the number of outsiders that would be coming into the area each day. Shouldn't we hear from those who will be required to travel to the center as well?

Conclusion

The Grand Jury strongly recommends the Board of Supervisors put the project on hold until these issues are resolved. The county should seek broad public input, conduct a needs study and rethink the decision in the context of an overall county healthcare plan. The Grand Jury does not make the argument that residents of the Canal District do not need essential and easy access to health services. They most certainly do. But so do residents of other areas of the county. Marin is smart enough to do both.

FINDINGS

- F1. The Facilities Master Plan is outdated.
- F2. The project is not being evaluated as part of the overall health safety net, given the uncertain status of Marin General Hospital.
- F3. Needs with higher priority exist in numerous programs provided by the Health & Human Services Department
- F4. The project does not provide an economic benefit on a traditional comparison of leasing vs. purchasing property.
- F5. The project lacks adequate public input and a needs study.
- F6. The center could have a severe negative impact on San Rafael traffic.
- F7. Access will be difficult for many Marin residents who are not close to the proposed center.
- F8. Because the Marin Community Clinic has pulled out, the center will require a new configuration.

RECOMMENDATIONS

The Grand Jury recommends that:

- R1. The Marin County Board of Supervisors put the project on hold until the issues listed above are resolved.
- R2. The county get broader countywide public input.
- R3. The county conduct a needs study to determine the best way to serve all residents throughout the county.
- R4. The county review the project as part of an overall county healthcare plan, not as a stand-alone project.

REQUEST FOR RESPONSES

Pursuant to Penal Code Section 933.05, responses to this report are mandatory as follows:

From the following individuals:

- Marin County Director of Health & Human Services

- Marin County Administrator

From the following governing bodies:

- Marin County Board of Supervisors
- Marin City Community Services District
- Marin Healthcare District
- City of San Rafael

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Ralph M. Brown Act.

The California Penal Code Section 933(c) states that "...the governing body of the public agency shall comment to the presiding judge on the findings and recommendations pertaining to matters under the control of the governing body." Further, the Ralph M. Brown Act requires that any action of a public entity governing board occur only at a noticed and agendized public meeting.

Responses are invited from the following:

- All other cities and towns in Marin County
- All other Community Services Districts in Marin County
- Kaiser Permanente – Northern California
- Marin Community Foundation
- Sutter Health
- Novato Community Hospital
- Marin Medical Society
- West Marin Health Alliance

BIBLIOGRAPHY

County of Marin Facilities Master Plan (Gensler Associates), 2002

Proposed Health & Wellness Campus Cost Study (Mack5), June 2006

Building & Site Condition Assessment and Proposed Conceptual Design (Kappe + Du), June 2006

Tobacco Securitization Market Opportunities presentation, January 2007

Proposed Health & Wellness Campus presentation to Board of Supervisors, July 2006

Notes from Community Outreach Presentations, June 2006

Updated Marin Wellness Campus Parking & Trip Generation Study, August 2006

San Rafael City Council Agenda Report: ...Agreement...regarding a proposed Health and Wellness Campus (September 5, 2006)

San Rafael Resolution #12027...Regarding a Proposed Health and Wellness Center Cooperation Agreement: Canal Area Health & Wellness Campus (September 5, 2006)

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Grand Jury investigation.