

2024-2025 KERN COUNTY GRAND JURY



NORTH KERN SOUTH TULARE HOSPITAL DISTRICT

**Release Date
May 15, 2025**



North Kern South Tulare Hospital District Has the Bleeding Stopped?

SUMMARY:

In response to the question above, there is no easy answer. The 2023-2024 Kern County Grand Jury Report titled, *North Kern South Tulare Hospital District: Stop the Bleeding; Start the Healing*, found that North Kern South Tulare Hospital District (District) seemed to be overspending on legal and consulting fees, and the Board seemed complacent in the decision-making process. Power struggles among Board Members ensued for the majority of 2024. Some Board Members indicated their hands were tied, due to one member making what appeared to be unilateral decisions. However, the question is why was one member more dominant in decision making? Did this impact the quality of patient care? Can the current Board of Directors start the healing by setting politics aside and redirecting the focus to patient care?

The District's response to the 2023-2024 Kern County Grand Jury Report indicated the Board "wholly disagreed" with the majority of the Findings. However, not all Board Members felt they had any input into the response. This raises the question of whether the report was ever discussed in an open forum.

After the November 2024 elections, there was a shift in power. The Board, which included one newly elected member, elected officers as per the Bylaws, at their December 2024 Board Meeting. A new president emerged, and the Board terminated services with their legal firm. The Board voted to create a Request for Proposals (RFPs) to hire a new law firm and a forensic accountant to review funds spent on legal fees for the years 2023 and 2024.

PURPOSE OF INQUIRY:

Pursuant to California Penal Code §933.5, the 2024 -2025 Kern County Grand Jury (Grand Jury) has the authority to investigate and report on the operations and management of special districts within Kern County. The Grand Jury carried out an investigation into the operations of the North Kern South Tulare Hospital District.

METHODOLOGY:

The Grand Jury toured the facilities, conducted internet research, and held interviews with community members, District staff, and past and present board members. The Grand Jury also attended Board Meetings in person and via Zoom. Some sources reviewed were:

- The North Kern South Tulare Hospital District website
- The 2023-2024 Kern County Grand Jury Report
- The Kern County Elections Department
- California Elections Code
- California Health and Safety Codes
- The District's Bylaws and Financial Documents
- California Department of Public Health (CDPH) Inspection Reports
- The Ralph M. Brown Act
- Kern Local Agency Formation (LAFCo)
- Videos of Board Meetings

DISCUSSION OF FACTS:

The District was formed in December 1966 and operates under the regulations of the California Health and Safety Code §§32000 to 32492 as a government non-profit public entity. It provides healthcare services to the communities of Delano, McFarland, Earlimart, Richgrove, and other areas of Kern and Tulare Counties. Funding is sourced through property taxes from both Kern and Tulare Counties, grants, federal and state reimbursements, insurance, and out-of-pocket costs for healthcare services.

The District owns and operates two facilities within the city of Delano: the Delano District Skilled Nursing Facility (DDSNF) and the Gloria Nelson Center Family Clinic (GNC). The DDSNF operates a 141-bed facility, which is almost at full capacity. It provides 24-hour nursing care and accommodates both short-term and long-term stays. The GNC specializes in pediatrics, obstetrics and gynecology, as well as family practice. The District has also contracted with an ophthalmologist to provide services. The District's mission is "to enhance access to high quality healthcare services and improve the health of our residents."

Organization

The current Bylaws regulate the operations of the District and its organizational structure as a local healthcare district under the California Local Health Care District Law. The Board is the highest decision-making authority in the District comprised of five elected members. The Board makes decisions, establishes policies, and provides strategic guidance to steer the District's operations.

Article III of the Bylaws states, each Member of the Board must be a registered voter and reside within the District. Elections of the Board Members shall be consolidated with the statewide general election in accordance with the Health and Safety Code §32499.3. The Directors have a

fiduciary responsibility for those living within the District to act on their behalf. This duty of care and loyalty requires the Directors to set personal interests aside and act with the same “watchfulness, attention, caution and prudence as would a reasonable person in the same circumstances.”

According to the Bylaws, the Board President’s duties include acting as the primary liaison to the Chief Executive Officer (CEO), the press, and the public, or upon direction from the majority of the Board pursuant to policy. The Board President also approves and sets the agenda for Board Meetings, which includes all correspondence and supporting documentation, and presides over the Board Meetings.

Financial Revenue and Reserves

According to the District’s financial statement, there is approximately \$8 million in operating accounts from three entities and \$7.2 million in reserves. Property tax revenue for 2024 was \$1,119,750, with a projected revenue for 2025 of \$1,250,000.

Board Meetings and Decorum

Regularly scheduled Board Meetings usually occur on the last Thursday of each month, with the agenda posted 72 hours in advance. Special meetings require 24 hours advance notice. The meetings may be attended in person, or a request can be made to the District Office for permission to attend via Zoom to meet ADA compliance. If a Board Member wishes to have an item placed on the agenda, the Board President must approve it first. Correspondence from the public should also be included on the agenda. Board Members and members of the public are obligated to maintain a professional decorum. Previous meeting minutes are posted on the District’s website. The District also plans to post videos of Board Meetings, as they recently voted not to hold them via Zoom.

The Grand Jury attended the February 2025 Board Meeting. The meeting was led by the new Board President who requested a list of items to be placed on the March meeting agenda. Some of these items included, having all approved contracts placed in one file, comparisons of the number of consultants used in 2021 and 2025, comparisons of California Department of Public Health, Centers for Medicare and Medicaid Services (CMS) violations in 2021 and 2025, and development of an operational budget with accountability measures.

Both the CEO and the DDSNF Administrator made presentations regarding the financial health and vision of the District. Some key takeaways included:

- Adding an assisted living facility
- Residential assisted living
- Recruiting specialists in ophthalmology, cardiology, and psychiatry
- Applying for grants to add on-site behavioral health services
- Employee appreciation and wage increases
- Increasing transparency among the management, Board, and community

Happenings in the District

At the February 2024 Board Meeting, the Board voted to approve a contract with a consultant to oversee a Board training retreat to be held in April 2024. The budget was included in the Board packet and made available to the public. The Board approved the training retreat; however, the President postponed the action taken by the Board to review the costs involved. The item was put on the agenda again, and the Board approved it again. This approved retreat never took place because the President single handedly cancelled it; however, the District's legal firm conducted a "training" session at a subsequent Board Meeting.

In April 2024, two Board Members requested that the 2023-2024 Grand Jury report, released on April 2, 2024, be placed on the agenda for discussion. In June 2024, correspondence from a member of the public was submitted to the draft agenda to request the report be discussed in an open forum. The Board President removed the discussion item from the agenda and didn't re-agendize it until the responses had been drafted. Since Board Members were only given one week to review before the response due date, they felt pressured to approve them.

At the July 2024 Board Meeting, the Board voted to put a cap on legal fees to limit the billable hours to 20 hours per month. The average monthly legal fees incurred in 2024 were \$35,000; however, the bill for October 2024 was \$80,000.

At the February 2025 Board Meeting, the contracted auditor for the District informed the Board and the public there was a need to make a financial adjustment for FY 2022/2023 because of billing issues not discovered in the original audit. This will have a negative impact of approximately \$1.9 million.

In March 2025, the CEO for the District and the DDSNF Administrator resigned from their positions. An interim CEO has been appointed; however, there is still a need to hire a CEO and an Administrator.

Election Results

Three seats were open for the November 2024 Election, which consisted of two four-year terms (long-term) and one two-year term (short-term). Since the District serves parts of Tulare County (Earlimart and Richgrove), the seats were to be placed on the ballot in both Kern and Tulare Counties. The District completed the necessary paperwork; however, the short-term seat was not placed on the Tulare County ballot. A winning candidate was not declared; therefore, the District could not seat the short-term member. The previous board member, whose term was up, was to remain on the Board until the election could be certified.

Since the election was not certified by either county, it left the District short of a full Board for four months. The District tried to fill the seat by appointment. Interviews were scheduled for the January Board Meeting; however, the meeting was cancelled due to lack of a quorum. The District then had to wait 60 days in order for the Kern County Board of Supervisors to make the appointment at the March 11, 2025 meeting.

Knocking on Someone's Door?

The question of a Board Member's residency arose from an anonymous complaint in late November. A private investigator, located in the Bay Area, was hired through the District's legal firm to determine if the Board Member lived within district boundaries. After the investigation was completed, this item was placed on the November Agenda as a "Declared Vacancy," and a vote was to occur to consider removal of the Board Member. However, the meeting was cancelled due to lack of a quorum.

The private investigator's report was attached to the agenda and included personal information about the Board Member. The investigation took approximately two days and included database searches, knocking on a family member's door to ask questions unrelated to the investigation, and assessing the Board Member's wardrobe to determine residency. Not all the people named in the complaint were interviewed to determine its validity. Also, one of the databases used by the investigator specifically states it does not provide private investigator services. The website is "intended for personal individual use rather than for professional purposes." The investigator also used "years of experience" as a determining factor in the outcome.

The Tour

The Grand Jury toured the facilities in February 2025. The tour was conducted by the CEO, the Director of Nursing, and the Board President:

- As an added safety precaution, visitors at the DDSNF must sign in electronically. This system is also used to survey customer satisfaction
- An RFP was completed for the HVAC system. The District is currently working on replacing the system
- The District is converting to drought resistant landscaping and has removed the roots in the area that were trip hazards
- The Grand Jury followed up with the Administration to see if corrections were implemented from the CMS inspection dated January 18, 2024
- Part of the DDSNF flooring was replaced, and there are plans to replace all the flooring, as some areas looked soiled and worn
- Both the GNC and the SNF were clean and well operated
- The SNF was also undergoing an inspection by CDPH at the time of the Grand Jury's visit

Inspection Results

The results of the CDPH inspection raise some concern as to the quality of healthcare provided to the community. The report indicated five patients failed to have their call lights answered promptly; nurses were walking by the call lights without noticing. At times, it took more than fifteen minutes to answer. Other concerns included fluids not being accessible, inadequate respiratory care, and failure to read pharmacy instructions. Corrective action listed in the report includes in-service training and call light testing.

The inspectors also found dented canned foods in the storage area as well as a food storage container not being closed with a lid. It was noted that this can potentially create food borne illnesses. The inspectors also noted parts of the floor were dark and dirty, which can potentially spread infection.

FINDINGS:

- F1. The District is still incurring excessive legal expenses due to pending litigation. These expenses could limit the amount of funds allocated to patient care and are detrimental to the District's bottom line.
- F2. The Administration recently instituted a purchasing freeze in order to increase profitability. Medical items such as testing strips and diapers were to be rationed as needed. This puts patient welfare at risk.
- F3. The sudden resignations of the CEO and the DDSNF Administrator possibly puts the District at risk of losing certification.
- F4. Plans to build an assisted living facility have been placed on hold in order to allocate funds to improve the quality of life for patients at the skilled nursing facility. Because the census at the facility is at almost full capacity, the community may benefit from an assisted living facility in the future.
- F5. The violations listed on the CDPH Inspection report may indicate that some staff members lack training needed to perform their duties.
- F6. At the September 23, 2024 Board Meeting, the Grand Jury observed a Board Member making a derogatory comment toward a member of the public. This disrupted the meeting decorum and may have offended members of the public.
- F7. The District generated an RFP to hire a forensic accountant. This should provide public transparency for how legal fees were spent for the years 2023 and 2024.
- F8. The Bylaws state the Board Members have fiduciary responsibility to the public; some Board Members are unsure of how to interpret the District's financial statements. They relied on the 2024 Board President to inform them of the financial status of the District. This could lead to misinformation being disseminated to the public.
- F9. Although the District has a website with contact information and Board Meeting Agendas, there are still several links with limited information. The links to the previous Board Meetings for years 2022/2023 became corrupt. This could lead to public frustration as it is not user-friendly.

- F10. The 2024 District Board Members were not given adequate time to discuss the 2023-2024 Grand Jury Report in an open forum. The response was drafted before any discussion had taken place. This weakens the commitment to public transparency.
- F11. The 2024 District Board members struggled to have items placed on the agenda as the Board President frequently vetoed some items before approving the final version. This created frustration among Board Members and limited their ability to act in the best interests of the public.
- F12. A private investigator was hired without public discussion and Board approval to investigate the residency of one Board Member. This contributes to a lack of transparency.
- F13. Because the Board Member under investigation provided proof of residency to the Kern County Elections Department after being asked to do so, the private investigator hired to determine residency could be perceived as a waste of taxpayer dollars.
- F14. According to the District Bylaws §3.1.3, Resignation and Removal, a vacancy can be declared if a Board Member resigns, misses three of five consecutive Board Meetings, as per California Health and Safety Code §32100.2, or by voter recall. Therefore, posting a vacancy on the November 2024 Agenda was premature and had no merit.
- F15. The legal fees reported on financial statements in the Board Meeting packets were difficult to track. Check registers and income statements shown did not coincide. This makes it difficult for the public to monitor the District's spending. Furthermore, when asked about high fluctuations in consulting fees, Administration did not provide adequate information as to what the fees were for.
- F16. Neither a Code of Ethics Policy nor a Decorum Policy is published on the District's website. This may lead to confusion for all stakeholders as to what is acceptable conduct within the District.

COMMENTS

The 2024-2025 Kern County Grand Jury would like to thank the District Administration, the Board, and the staff for their cooperation in the investigation. The District is serving the community and is working to expand services in the future. It appears the bleeding has slowed; however, the wounds need time to heal. There is still a need to stop the "BLAME GAME," as noted in the 2023-2024 Kern County Grand Jury Report. SET PERSONAL AGENDAS ASIDE and focus on serving the community. It's time to build a foundation that focuses on patient care as the common goal.

RECOMMENDATIONS:

The 2024-2025 Kern County Grand Jury recommends the North Kern South Tulare Hospital District:

- R1. Hire a CEO and a DDSNF Administrator. This should be done as soon as possible. (Finding #3)
- R2. Publish policies related to Board Decorum Policy and the Board's Code of Ethics on the District website to ensure public transparency by August 31, 2025. (Findings #6 and #16)
- R3. Establish a training program for new and existing Board Members to ensure they can perform their roles and duties for the benefit of the community by August 31, 2025. (Finding #8)
- R4. Establish training programs and accountability measures for staff members to ensure patients receive the care needed by August 31, 2025. (Finding #5)
- R5. By September 1, 2025, work to update the District's website, including updated security and ensuring all links are in working order. This will make it user-friendly for the public. (Finding #9)
- R6. Establish a protocol for Board Members and staff to participate in having items placed and approved on the Agenda by July 31, 2025. (Finding #11)
- R7. By July 31, 2025, create a reconciliation process to ensure legal fees coincide with the hours billed. (Finding #15)
- R8. Ensure the financial statements presented in the Board Agenda Packets provide transparency to the public. This should be done by August 31, 2025. (Finding #15)

NOTES:

The North Kern South Tulare Health District should post a copy of this report where it will be available for public review.

Persons wishing to receive an email notification of newly released reports may sign up at: <https://www.kerncounty.com/government/other-agencies/grand-jury>

Present and past Kern County Grand Jury Final Repots and Responses can be accessed on the Kern County Grand Jury website:
<https://www.kerncounty.com/government/other-agencies/grand-jury>

RESPONSE DEADLINE:

- **REQUIRED WITHIN 90 DAYS FROM:**

North Kern South Tulare Hospital District
Findings #1 through #16
Recommendations #1 through #8

**RESPONSES ARE REQUIRED PURSUANT TO PENAL CODE §§933(c)
AND 933.05:**

- **PRESIDING JUDGE
SUPERIOR COURT OF CALIFORNIA
COUNTY OF KERN
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**
- **FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code §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.
