

January 19, 2020

Dear Supervisors,

Please pull Agenda Item 4m from the Consent Calendar for discussion by the Board.

Specifically, Agenda Item 4m is the "Adoption of Resolution to Develop a Crisis Residential Treatment Program on the Property Designated in the Existing California Health Facilities Financing Authority Resolution at 631 South Orchard Avenue, Ukiah, California 95482, and in Accordance with Grant Funding Issued Under the Investment in Mental Health Wellness Grant Program."

I'll explain.

Redwood Quality Management Corporation (RQMC) and Redwood Community Services (RCS) have always had an unfair advantage in being the highly favored provider of the county's mental health services. This represents a legal liability for the county.

RQMC's and RCS's monopoly would not pass the "public scrutiny" test for political cronyism.

Nor would the county prevail, if we were sued by another contractor looking to provide mental health services.

The county has literally handed RQMC and RCS a valuable franchise without much of a competitive bidding process, nor with much oversight, including an audit, after their contracts were awarded.

Here in Mendocino County, we have created a climate of crony capitalism. RQMC and RCS thrive not as a result of risk, but rather as a return on investment amassed through a nexus between a provider business class and the political class. The county is protecting its investment in RQMC and RCS by crushing genuine competition in handing out permits, government grants, special tax breaks, or other forms of county intervention.

First, Ortner was set up to fail. After RQMC and RCS were awarded the contracts, a monopoly ensued. The competitive bidding process for other contractors outside the county ended.

It's unethical. And it's perhaps illegal.

Please see James Marmon's comments in the AVA's "Mendocino County Today" (January 19, 2020) for additional arguments.

I've also been emailing Supervisor Brown today.

What are some other reasons I ask for a discussion of Agenda Item 4m by the Board?

Because RQMC and RCS seem extremely reluctant to submit to an "independent financial audit", and that gives me serious pause.

As Supervisor Brown knows from earlier in her career being a banker, an independent financial audit is very different than the Medi-Cal billing and reimbursement audit that the state does, and very different from the Medicare billing and reimbursement audit that the feds do.

An independent audit is an examination of the financial records, accounts, business transactions, accounting practices, and internal controls of a nonprofit corporation, and all its contractors and subcontractors, by an “independent” auditor. “Independent” refers to the fact that the auditor/CPA is not an employee of the nonprofits, but instead is retained through a contract for services, and hence is “independent.”

During the independent audit, the auditor will review the organization’s financial statements to determine whether they adhere to “generally accepted accounting principles” (commonly referred to as “GAAP”). These accounting principles are created by the “Financial Accounting Standards Board,” known as “FASB.” While not law, these standards carry weight – when they are not followed, the auditors are required to note that in their report.

The Schraeders resist any suggestion of an independent financial audit. Camille and I have had numerous email exchanges on the subject. She is very defensive. What are RQMC and RCS hiding?

If I were Supervisor, I would make any resolution as proposed by Agenda Item-4m contingent on such an audit.

Meanwhile, homeless people -- people incapacitated or disabled by serious mental illness and/or alcohol and drug addictions -- die in our streets.

RCS does very few LPS Conservatorships. And no Laura's Law interventions.

Why?

LPS Conservatorships are established to arrange mental health treatment and placement for people who are gravely disabled and unable to provide for their food, clothing, shelter and treatment needs as a result of a mental disorder. It is named for the three legislators who wrote the law that passed in 1969.

Laura's Law is a California state law that allows for court-ordered assisted outpatient treatment. In his wisdom, former Supervisor Dan Hamburg was its main proponent following the Adam Bassler tragedy.

Thank you.

John Sakowicz, Candidate, 1st District Supervisor