

MEMORANDUM

TO: Healthcare Advisory Committee
FROM: Abner Hoage, City Manager *Alh*
DATE: October 14, 2026
RE: City Manager's Report — October 22, 2026 Meeting

This memorandum provides the City's input on two October agenda items — rent payments and the Partnership Report Card — and two information items.

1. Rent Payments

Section 1.d of the lease sets base rent at \$100,000 per year for lease years one through five and \$113,000 per year for lease years six through ten, payable annually on the anniversary of the Commencement Date. Lease year six began October 1, 2026.

City Finance records show the following:

Lease year	Period beginning	Invoiced	Due	Paid	Amount
1	Oct 1, 2021	Sep 3, 2021	Oct 2, 2021	Oct 18, 2021	\$100,000
2	Oct 1, 2022	Sep 2, 2022	Oct 2, 2022	Oct 3, 2022	\$100,000
3	Oct 1, 2023	Sep 1, 2023	Oct 1, 2023	Oct 4, 2023	\$100,000
4	Oct 1, 2024	Sep 5, 2024	Oct 5, 2024	Oct 1, 2024	\$100,000
5	Oct 1, 2025	Sep 5, 2025	Oct 5, 2025	Sep 30, 2025	\$100,000
6	Oct 1, 2026	Sep 24, 2026	Oct 24, 2026	<i>not yet due</i>	\$113,000

All five completed lease years have been invoiced and paid in full. No late fees or finance charges have been assessed. The lease year six invoice was issued at the escalated amount and is current.

Rent is received into the Hospital Sales Tax Fund.

2. Partnership Report Card — Corrections

The City has compared the FY2022 through FY2025 Report Cards against PeaceHealth's audited financial statements and the committee's own records. The following corrections are needed. I provided this list to PeaceHealth on October 14 so it would not be new at the meeting.

- FY2022 operating results.** The FY2022 Report Card reports total operating revenue of \$14,517,834. Audited total revenues for FY2022 were \$95,106,000. The same figures were used to construct the monthly chart on that page.
- FY2024 operating results.** The FY2024 Report Card states a total loss of \$(2,705,243). Subtracting the page's stated operating expense and capital from its stated revenue

produces \$(9,055,829). The difference, \$6,350,586, equals that year's reported annual capital investment.

3. **"Operating Expense & Capital."** This line is not defined on any edition. In the editions where the arithmetic reconciles, it equals operating expense less depreciation plus capital investment. The definition should appear on the page.
4. **Charity care, FY2022 and FY2023.** The figure \$4,117,766 is reported as FY2022 in the October 2022 edition and as FY2023 in the October 2023 edition.
5. **Charity care basis.** The Report Card reports charity care at charges. The audited statements report it at cost. The FY2024 and FY2025 editions note the figure includes PeaceHealth Medical Group. The basis should be stated.
6. **FY2023 patient experience.** The FY2023 edition begins at the second quarter. First-quarter data is absent.
7. **Clinical quality targets.** Targets for falls with serious harm, early elective deliveries, and hospital-acquired pressure injuries changed from zero to non-zero thresholds between the FY2023 and FY2024 editions without notation. Actual performance has been excellent throughout. Changes to targets should be noted when they occur.
8. **FY2025 Core Services.** The Emergency Department does not appear in the FY2025 Core Services table. It appears in the FY2022, FY2023, and FY2024 editions.

The committee votes to approve each edition, and the City holds three of the six seats. These errors were not caught by either party.

I would suggest the committee review these corrections at the October meeting and that PeaceHealth bring the following to the January meeting for the committee's approval:

- A corrected FY2025 edition.
- A brief errata note for the FY2022 through FY2024 editions, to be posted alongside them.

For the FY2026 edition and after, I would also suggest: a stated definition for any financial metric, a stated basis for charity care, and a note whenever a target or unit of measurement changes from the prior edition.

3. Gateway Review Process — Information

The City Council met in executive session on September 17, 2026 and directed me to initiate the Gateway Review Process under Section 7.j of the lease. The Mayor will designate the Council members who participate.

On October 14, 2026, I sent PeaceHealth a letter initiating the process and setting out the City's document requests. The proposed sequence is a scoping call in mid-November, document gathering by both parties complete by mid-December, and the substantive review session in late January or early February 2027.

The committee's cadence schedule places the annual lease review at the January meeting. The review session has been proposed to follow that meeting so that anything the committee identifies can be brought into the discussion.

No action by the committee is requested on this item.

4. Exhibit G — Joint Repair Plan

Scott Smith provided a reconciliation of the Exhibit G Joint Repair Plan against PeaceHealth's capital records. It is the first complete review of that plan since the lease was executed, and it identified several issues with the plan itself: duplicate entries, items that were already complete when the plan was written in 2021, and cost estimates that have changed substantially.

In the October 14 letter I proposed that City Public Works engineering and PeaceHealth facilities jointly rebaseline the plan before the review session, and bring the policy questions the engineering teams cannot resolve — how shared cost is apportioned and how each party funds its share — to the Gateway Review.

I would propose the engineering teams complete that work and bring the updated plan to the committee's January meeting. The cadence schedule already places the annual lease review in January, and the Gateway Review session follows it. That sequence gives the committee the opportunity to review the rebaselined plan and provide the input its charter contemplates on capital priorities before the Gateway Review takes it up.