

PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON  
**VERDANT HEALTH COMMISSION**

**BOARD OF COMMISSIONERS**

**Special Meeting**

**Hybrid: In-Person at Verdant Community Wellness Center and via Zoom**

**August 8, 2022**

**4:00 p.m.-8:00 p.m.**

**Commissioners  
Present**

Jim Distelhorst, MD, President  
Deana Knutsen, Commissioner  
Carolyn Brennan, Commissioner  
Karianna Wilson, Commissioner  
Bob Knowles, Commissioner

**Staff**

Dr. Lisa Edwards, Superintendent  
Riene Simpson, CPA, Director of Finance  
Maggie Konstanski, Grants Manager  
Kaysi Kelly, Executive Assistant/Office Manager  
Sandra Huber, Community Engagement Manager  
Nancy Budd, Community Social Worker  
Monika Star, Wellness Center Assistant

**Guests**

Margot Helphand, Facilitator

**Call to Order**

The special meeting of the Board of Commissioners of Public Hospital District No. 2, Snohomish County, was called to order at 4:06 p.m. by President Distelhorst.

**Community Health  
Needs  
Assessment**

Ms. Konstanski provided an overview of key themes for the CHNA survey Verdant did of our District residents. (E:65:22) She discussed the methodology of collecting, ranking, and analyzing the data. She discussed the limitations of available data for certain populations. For purposes of our survey data, Verdant is using the definition of "social determinants of health" from the US Department of Health and Human Services. Commissioner Wilson asked if Verdant collected demographic data for its survey respondents. Ms. Konstanski answered that the only demographic data that was collected was respondent addresses to ensure the survey was collecting data within the Verdant service district.

**Key Findings:**

Ms. Konstanski spoke about the six key themes that came about from the CHNA survey.

1. Healthcare Access and Quality
2. Mental Health
3. Economic Stability
4. Housing
5. Food Security

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6. A Safe and Connected Community

Commissioner Wilson asked if our survey data was able to track, for example, “33% of the 473 respondents selected X as a priority health need.” Ms. Konstanski answered that the survey analysis included frequency matrices which tally how often one of the key themes was mentioned. See tab #16 in the read-ahead binder. These matrices will be provided to Commissioners as a follow up item.

**Community Demographics**

Ms. Konstanski spoke about the growth in our service area, as Seattle has seen an outflux of 10,000 households during the 2020 pandemic. Racial and ethnic diversity of our service area is growing as well.

**Community Health**

Ms. Konstanski provided a report on the overall health ranking of Snohomish County (#5 in the state for health outcome, #8 for health factors). She spoke about health equity which is ensuring that resources are allocated based on each person’s circumstances to ensure everyone can reach an equal outcome. She presented a graph sourced from The Neighborhood Atlas showing an area deprivation index which highlights the health disparities of our service area compared to the rest of the state. Ms. Konstanski showed graphs to highlight the high percentage of opioid deaths in Snohomish County. Snohomish County, for example, had a 74% increase in annual opioid deaths from January 2020 to January 2021. Unfortunately, the data shows a significant increase in cost of goods and housing, yet income has not increased at the same rate.

**Proposed Priorities**

Tab 8 of Commissioner binders (E:64:22) show a matrix of proposed Verdant priorities for 2023-2026. Ms. Konstanski explained this proposal does not remove childhood obesity and supporting seniors as priority areas, but rather would integrate these priority areas into other priorities. She spoke about confusion some of our grantees have brought forward who may support seniors’ mental health needs and whether or not they would select that they are supporting seniors or mental health. One of Verdant’s current priorities, “Other Education and Prevention” would be transitioned to a new priority area of “Health Education Access and Quality” to make it clearer and better align the priority with *health* and not just any type of education.

In Tab 9 of Commissioner binders, you will see the funding allocation by Verdant’s current eight priority areas. Ms. Konstanski showed a new graph of how funding priorities would look if we re-imagined Verdant’s priority areas.

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**CHNA Results  
Discussion:**

Commissioner Knutsen has concerns that some of our current priorities do not explicitly mention "health" and this would be a requirement from RCWs. She is concerned we could get some push back from auditors.

Commissioner Wilson asked Margot Helphand to explain to the Board what our goals are for these next three 4-hour strategic planning meetings. Ms. Helphand explained that today, 8/8, is a lot of information presentation to facilitate future discussions. On Thursday, 8/11, the full 4-hours is for discussion. On the final strategic planning session on 8/17, we will further discuss and refine strategic priority areas. At the August Board meeting on 8/24, the Board will present their first draft of strategic priorities, if ready, and these would be officially adopted at the 9/28 regular monthly Board meeting.

Commissioner Knutsen asked if, during this strategic planning process we would also be revisiting the "building healthy communities" fund, Superintendent's Discretionary, and small capital grants. Dr. Edwards answered that yes, Riene Simpson will be covering these pockets of money as part of her financial presentation later today.

Commissioner Brennan is processing these data points. If she had to vote right here, right now, she would fund mental health priorities and maintaining the services of the hospital, cut some of the grantmaking, and reduce the number of grant cycles.

Commissioner Knowles commented that he would not be interested in funding housing as a priority, except for emergency hotel voucher support and wrap around services.

**State of Verdant  
Financials:**

Ms. Simpson began her financial review of a historical walkthrough of Verdant's financial activity over the past 5 years, starting with a look at revenue. (E:66:22)

Commissioner Wilson pointed out that the hospital rent's annual increase of 3% goes through 2025, then that rental income will be flat. This is something the Board needs to consider as they are planning for additional expenses in a few years of our strategic plan.

Ms. Simpson walked the Board through a breakdown of different types of expenses we can track over the period 2018-2022. She explained any outlier expense which would cause a large fluctuation or whether it would even out in another period. For the next eighteen years of the Swedish lease, the capital investment requirement is terminated so Swedish is no longer required to spend \$6MM per year on capital improvements. As

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of year-end 2021, Swedish is only required to improve the facility by what is required to be updated, what they deem fit. Tab 11 of Commissioner binders - Financial Performance: Ms. Simpson explained that her financial report during our monthly Board meetings doesn't give a chance to show the trend of expenses and income year-over-year. She asked if Commissioner Knutsen would have some time to sit down with her to get some history on the Pavilion Ground lease since the rent payments do not agree with the rental agreement.

There was a typo in the first bullet of page 1 in Tab 12 in the Commissioner binder. The lease revenue from Swedish will flatten in the year 2025, not 2015.

Ms. Simpson presented five recommendations for Verdant financials, below.

1. Establish 5-year facility planning cycles
2. Create hospital operations contingency plan
3. Establish defined budget methodology
4. Establish a reserve policy
5. Increase finance headcount.

Commissioner Knowles commented that the Board has done work to define the reserve strategy, having 90 days of cash on hand to manage hospital operations.

Ms. Simpson explained the grant funding scenarios for 2023 that Zoe Reese, Director of Community Impact & Grantmaking, has prepared to show the Commissioners multiple options for grantmaking in the 2023 budget. Commissioners will focus on finding their priorities so we can better align the budget for those purposes. If needed, and we have 90-days to find the money to run the hospital operations then we would cut our program expenses by 50% to get that money in the short term.

Dr. Edwards offered that staff could provide Commissioners with funding breakdowns for what Verdant promotes in the community (ARPA funding, etc.).

President Distelhorst's #1 priority for the District is to maintain the hospital and keep its line of services to the community. He would like Ms. Simpson to come prepared on Thursday 8/11 with a recommendation on how much money we should have in the reserve.

Commissioner Wilson asked how long we will support these organizations for? For example, five years of funding or do we limit it even more than that?

Commissioner Brennan would like to explore these three grantmaking scenarios in more depth. Dr. Edwards suggested

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she and Ms. Simpson can bring back the March 2021 analysis from Howard Thomas showing a recommendation of \$35MM in the reserve.

Commissioner Knowles commented this reserve policy needs to be black and white. There needs to be a clear allocation of funds.

**Commissioner Discussion**

Ms. Helphand asked Commissioners what assumptions they can make about the future, based on what themes have emerged from tonight's discussion.

- Commissioner Brennan would love to see some goals or measurements to work toward within the strategic plan. This is why she is leaning toward just one priority so we can be known for that one focus. She would like to make sure we are transparent about our survey results and communicate this back to the community.
- Commissioner Wilson noticed that a lot of the comments that came about from survey respondents are very large systemic issues. She doesn't feel that Verdant could make an impact on some of these issues since it's not in our wheelhouse to necessarily correct these larger systemic issues.
- Commissioner Knutsen was very interested in the Community Health Needs Assessment data. She said that we are not alone in this fight for South Snohomish County. We have partners who can help us address these difficult systemic issues, via capacity-building.
- Dr. Edwards thanked Maggie for her hard work in preparing this data for the Commissioners and for gathering data from multiple sources to get information from the community directly, and not second-hand opinions on what the community needs.

Ms. Helphand said there seems to be two goals for Thursday's discussion, (1) getting a handle on the reserve, and (2) determining Verdant's priorities. She is getting the sense from Commissioners that eight funding priorities are too many.

Commissioner Knutsen thanked the staff for their hard work in preparing this information for the strategic planning meetings, and to Margot for facilitating.

**Next Steps**

Further strategic planning at the next special meeting on Wednesday, 8/11 at 4:00-8:00pm. Ms. Helphand will attend in-person at the Verdant Community Wellness Center.

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**Adjournment**

The meeting was adjourned at 7:43 p.m. by President Distelhorst.

**ATTEST BY:**

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*JSDistelhorst*  
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President

DocuSigned by:  
*Karianna Wilson*  
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Secretary