

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 17, 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, MSW, Community Social Worker
Monika Star, Wellness Center Assistant
Zoe Reese, MPA, Director of Community Impact & Grantmaking

Guests

Margot Helphand, Facilitator
"Test"
"A.S."
Liz Flores-Marcus
Jody Early
Kevin Harris
Marissa

Call to Order

The special meeting of the Board of Commissioners of Public Hospital District No. 2, Snohomish County, was called to order at 4:01 p.m. by President Distelhorst.

**Review of 3
Priorities –**

Ms. Helphand started the meeting by introducing a handout "Anatomy of a Plan" (E:67:22) to guide commissioners through the process of creating a strategic plan. She urged the Commissioners to consider the implications of reducing their priorities from eight to three. She reminded commissioners that this process is not just talking about grant money and their decisions have actual human implications for the community and for staff to implement the transition plan.

**Measurable
Outcomes**

Commissioner Brennan had a concern about discussing measurable outcomes as it is too early on the process to work on that.

Definitions:

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Goal(s)

Dr. Edwards presented the updated draft definitions and goals for the proposed three priority areas. (E:68:22) Each of the priorities had draft definitions also included a list of current partners who fit into the new priorities. Access to Quality Healthcare

1. Access to Behavioral Health
2. Food Access and Security
3. Access to Healthcare

Commissioner Discussions:

Ms. Reese, MPA, presented the list of current grant partners who would not fit into the newly defined priority areas.

- Implications of Change in Priorities
- What will discontinue?
- Impact on Operating Budget?

Commissioner Knutsen asked why certain programs were listed as not being within the new priorities, such as drowning prevention and domestic violence which could be considered Access to Quality Healthcare. Ms. Reese answered that these programs self-selected the priority area that they felt fit their program best, and that is what staff used.

Commissioner Brennan pointed out that for messaging, she wants it to be clear that we are reducing priorities as a means to maintain the hospital, which is our main priority.

Access to Quality Healthcare:

Commissioner Knutsen commented that moving the \$2MM to the Reserve fund for maintaining the hospital, should count as one of the goals. Dr. Edwards suggested we can add this fourth goal/priority of putting the \$2MM in the Reserve. Commissioner Knutsen warned that we would need to be careful how we word this so the hospital doesn't think that we are going to give them that money.

Commissioner Knowles believes we should simply include "maintaining the hospital" as a goal under the priority of Access to Quality Healthcare.

Commissioner Wilson can go either way to include maintaining the hospital under the priority Access to Quality Healthcare or having it as its own separate priority. Her concern is to make sure the focus is maintaining a compliant hospital partner with our agreement. She suggested that commissioners might even need to re-evaluate what we include in Access to Quality Healthcare to remove vision or even dental.

Commissioners discussed whether to include dental as a priority, or to reduce the amount of funding toward dental.

Commissioner Wilson asked Commissioners if they would like to narrow the definition of Access to Quality Healthcare. For example, "...feeling of wellbeing" when someone could argue

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that going to the gym makes them feel well but this doesn't sound like what the Board would consider "access to healthcare."

Access to Behavioral Health:

Commissioner Knutsen pointed out that mental health is also listed under Access to Quality Healthcare when it could be under just Access to Behavioral Health.

Commissioner Brennan believes Girls on the Run and the drowning prevention programs would fit into Access to Quality Healthcare. She pointed out that mental health was a prevalent response in the Community Health Needs Assessment and if Verdant can focus on behavioral health, we would be directly responding to the community needs survey we did. Dr. Edwards agreed that it will be difficult to determine which programs fit into which priority if they could possibly be within a different priority because of their focus and outcomes.

Food Access and Security:

Commissioner Wilson discussed the phrase "residents do not go hungry" as too broad under the goal section of this priority. Dr. Edwards proposed the wording "Residents can have equitable access to nutritious food..."

Dr. Edwards proposed the Verdant team can further clarify the definitions to make them less broad (remove vision, hearing, move mental health to just Access to Behavioral Health, and add a 4th goal of maintaining the hospital).

Commissioner Knutsen asked how long these would be our priorities? Commissioner Brennan suggested we could re-evaluate our priorities once we see we have achieved a measurable outcome. Commissioner Knowles understood this would be a 3-year strategic plan and would be reviewed annually to review priorities. President Distelhorst and Commissioner Knutsen agreed with a 3-year term.

Ms. Reese presented the list of grant partners who would not align with the newly defined priorities. The \$8.4MM presented was from discussions about moving 20% of the 2023 hospital lease revenue to the Reserve.

Commissioner Wilson asked where the proposed \$8.4MM grant budget amount for 2023 comes from. Ms. Reese pointed to the 2023 Grant Forecast handout, page 1, which summarizes the scenario of \$8.4MM in grantmaking.

Ms. Simpson presented a financial projection of 2023 revenue with moving 20% of hospital lease revenue into the Reserve. The projection doesn't include any surprise expenses which we

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are not forecasting. If we have \$8.7MM total available for programmatic spending, this would include internal programming/direct services such as CHART, VOA 2-1-1, Superintendent's Discretionary, and COVID.

Commissioner Knutsen asked if the 2023 projection of \$3MM in operating expenses includes staffing at its current levels? Ms. Simpson clarified that this 2023 forecast includes a slight increase in the 2022 budget and assumes the same level of staffing and salary.

Ms. Helphand asked Commissioners to take a step back and consider the broader implications of this reduction in priorities. Commissioner Brennan commented that this is a big ship that we're turning, and we have to be careful not to break anything. She said it will take time to be thoughtful about this move.

Ms. Helphand asked Commissioners how this move would impact the community?

- Commissioner Wilson commented that this conversation is very helpful for the Board. She wants the Commissioners to be able to support the staff in this transition.
- Commissioner Knutsen said we are entering another transition similar to being understaffed a few years ago and people might wonder if Verdant is able to continue, if we're hoarding money, why we need X amount in the Reserve. Ms. Simpson added that the \$2MM doesn't have to all come from Programs, but we can still try to save money with operating expenses.
- Commissioner Distelhorst is optimistic that we are *still* able to contribute \$8MM into the community, which is a multiple of other grant organizations.
- Commissioner Wilson reiterated that we are cutting these Program costs solely due to putting money in the Reserve, to maintain the hospital, which is one of our priorities and that ensures access to healthcare.

Commissioner Discussions:

- Current Status of Funding
- Status of multi-year grants in new priority areas?
- New application process for all 2023 funding for 60 community partners?

Ms. Reese spoke about the current funding status of grants. We are in the process of scoring Q3 grants, totaling \$2.2MM, and only \$457k of these requests would be a part of the 2022 budget. Of the \$2.2MM in Q3, there are four partners who are brand new to Verdant.

Commissioner Knowles commented that we need to operate under "business as usual" for Q3 funding. As we transition our priorities, we need to get the documentation out for Q4 applicants. Commissioner Knutsen agrees with Commissioner Knowles. She doesn't want to change anything without notifying the public of what is coming up.

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- How much would we have for new grants in 2023?
- How many funding cycles?
- How to allocate funding? By Priority? By Funding Cycle?

Commissioner Brennan suggested that we halt on Q4 grantmaking until we know what we'd like to communicate with grant partners. Commissioner Wilson spoke about the transition period of 90 days if we decide not to continue with a grant contract. She suggested we could provide transition funding for Q3 applicants, move those grant partners to Q4 process, be very clear about what priorities we are changing so they can adjust for Q4, and then have the chance to cancel or continue those Q3/Q4 contracts once they reapply under the new priorities. She struggles to see how we can provide \$8.4MM in grantmaking which doesn't include internal programs, VOA 2-1-1, and CHART.

Commissioner Knutsen clarified that we have already had conversations with these Q3 applications, and they are expecting funding and she worries we could get in trouble with the auditors.

Dr. Edwards clarified the proposal. An applicant who applied for Q3 funding, would receive transition funding through Q3, and then could re-apply under the new priorities for Q4. Our attorney explained that we have established our funding criteria and does not recommend making changes mid-cycle, but we could revise the criteria for Q4.

Ms. Reese asked how she and Maggie should proceed with talking to interested applicants?

- Commissioner Brennan answered everything is on the table.
- Commissioner Wilson asked how we can assure equity moving forward as we make funding decisions? There are partners requesting double the amount of funding for a renewal and we have to discuss how to handle these funding situations.
- Commissioner Knutsen clarified the Program Committee doesn't have to accept all funding requests. They can have conversations with partners to explain our reasoning. She expressed her concern that the \$8.4MM in 2023 grant funding would not include *new* grants in 2023. She has reservations about turning the ship this late in the game and it's unfair for partners.
- It was agreed upon that the message should be that "we are not taking on new funding right now" since that is the responsible thing as we don't know what the budget will be. Commissioner Knutsen suggested we could budget on a quarterly basis, specifying we will provide \$X money per quarter.

Ms. Helphand asked if Commissioners would like to move forward with one-year grant awards.

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- Commissioner Knowles: Yes
- Commissioner Knutsen: Yes, for right now
- Commissioner Brennan: We need a consistent project period since all contracts are coming up on different cycles
- Commissioner Distelhorst: Yes
- Commissioner Wilson: Yes

Commissioner Wilson suggested Program Committee and the Board have to make some tough decisions to cut funding/programs. Ms. Konstanski stated that we are not only cutting funding, but changing criteria, and the grants team needs guidance on what that criteria is for deciding to cut programs, so it is consistent across all partners.

Dr. Edwards summarized the recent discussions with Commissioners. We have the \$450k in play for Q3 applications. If it is legal, we will provide 90-day transition funding to these applicants for Q3 and then having them re-apply for the Q4 cycle under the revised priorities. Dr. Edwards will clarify with Brad Berg if we can provide transition funding in this way.

Commissioner Wilson requested a sheet, by program, showing what is committed for 2022 and what is carried into 2023.

Dr. Edwards stated if Commissioners are committed to getting \$2MM into the Reserve, there either needs to be a phased approach to the grantmaking transition or push the clean grantmaking cycle to 2024 to start 1/1/24. Alternatively, we could provide extensions to get everyone on the same grantmaking period.

- Commissioner Brennan: Need \$2MM in Reserve
- Commissioner Wilson: Need \$2MM in Reserve, OK with one grant cycle per year, but would prefer two per year. It is OK to not accept all grant renewals at 100% of what they ask for.
- Commissioner Knutsen: Prefers two cycles, need to work on figuring out the transition.
- Commissioner Knowles: Need \$2MM in Reserve, two cycles per year (1st and 3rd quarter). Doesn't want to make a partner wait 12 months to begin a program that could have a large community impact. OK with pushing Q3 applicants to Q4.
- President Distelhorst: Need \$2MM in Reserve. Good with 2 funding cycles in the year, putting off Q3 apps to Q4 is pending Brad Berg's determination of transition funding.
- Verdant Staff recommends one grant cycle per year.

Commissioner Knutsen asked Ms. Reese if partners are aware that they may not be funded. Ms. Reese answered that yes,

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they know it is a competitive process, that the Board scores and approves, and that funding is not guaranteed. Ms. Reese's clarified that she is hearing from partners "why did you have a grant cycle if you don't know what your priorities are?" and "why did you have a grant cycle if you don't have the money?"

Commissioner Brennan asked if we could ask Brad Berg whether we can negotiate contracts or revise contracts.

Commissioner Knutsen pointed out there are some operational expenses we paid in 2022 (surprise facility expenses) that we will not be paying in 2023. She asked to determine the levy to assist in these decisions. She wants to see what the property costs are, broken down by property. Dr. Edwards said we will know the levy amount in October 2022 when we are preparing the 2023 budget.

Proposed timeline and transition plan

Dr. Edwards presented the one-page draft of the proposed communication plan.

Commissioner Brennan thinks we should have more public announcements of these changes, or longer forums to allow additional comments.

Commissioner Wilson suggests 1 or 2 Commissioners participate in the community forums. She recommends pushing the Canopy mailing out to after elections, after 10/31, but before the holidays.

Commissioner Knutsen commented that either Verdant talks about what we are doing, or our partners talk about what we are doing with each other.

Commissioner Knowles agreed that yes, we have to write our own story.

Review and update operating agreement

Did not review at 8/17/22 meeting, will review at the next meeting on 8/25/22.

Next steps in strategic planning:

Ms. Helphand summarized next steps and assignments for the strategic planning process.

1. Refine goals and objectives (staff), review and confirm on 8/25 (Board)
2. Finalize transition options for Q3 > Q4 funding (staff/Board, discussion with Brad Berg)
3. Operation costs/assumptions (staff)
4. Revised Communication Plan (staff)

Dr. Edwards requested that Commissioners come up with a decision about what to do about *new* 2023 funding at the next strategic planning meeting on 8/25.

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Commissioner Wilson asked staff if they knew what was asked to be prepared for next week's meeting. Ms. Konstanski answered that she does have the data but is still confused how to present the data, depending on if we are funding new grants in 2023 and if there will be one or two grant cycles.

Commissioners could weigh the three priorities to rank as #1 top priority, #2, etc. and put specific priorities in the first or second funding cycles.

Commissioner Wilson requested a document showing current grant partners, quarterly, by category (not just the 3 new ones), with contract end date and what would continue in 2023.

Adjournment

The meeting was adjourned at 8:01 p.m. by President Distelhorst.

ATTEST BY:

DocuSigned by:
JSDistelhorst
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President

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Kavanaugh Wilson
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Secretary