

Public Hospital District #2
Board Special Meeting Agenda

OCTOBER 18, 2017
8:00 to 9:30 a.m.

Verdant Community Wellness Center
Birch Room

- | | | | |
|----|--|---------------|---------|
| 1. | Call to Order | Deana Knutsen | 8:00 am |
| 2. | Superintendent's 2018 Proposed Budget Presentation | Staff | 8:02 am |
| 3. | Public Hearing on Proposed Revenue and 2018 Budget | Deana Knutsen | 9:00 am |
| 4. | Commissioner Discussion | All | 9:10 am |
| 5. | Adjourn | | 9:30 am |

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

**SPECIAL MEETING
October 18, 2017
8:00 a.m.
Verdant Community Wellness Center**

**Commissioners
Present**

Deana Knutsen, President
J. Bruce Williams, M.D., Secretary
Fred Langer, Commissioner
Bob Knowles, Commissioner
Karianna Wilson, Commissioner

Staff

Robin Fenn, Superintendent
George Kosovich, Assistant Superintendent
Lisa King, Finance Director
Jennifer Piplic, Marketing Director
Sue Waldin, Community Wellness Program Manager
Sandra Huber, Outreach Specialist

Call to Order

The Special Meeting of the Board of Commissioners was called to order by President Knutsen at 8:02 a.m.

**Superintendent's 2018
Proposed Budget
Presentation**

Ms. King provided information on the District budget process, revenue, expenses, debt and reserves. Dr. Fenn reviewed agency goals and objectives as well as challenges and unknowns. Mr. Kosovich presented detailed information on program spending (E:73:17). Questions were asked by the commissioners and answered by staff.

Public Hearing

President Knutsen opened the public hearing. No members of the public made testimony. President Knutsen then closed the public hearing.


Commissioner Discussion


None

Adjourn

The meeting was adjourned at 8:47 a.m.

ATTEST BY:



President


Secretary

Public Hospital District 2, Snohomish County
2018 Draft Budget

	B	C	D	E	F	G	H	I	J	K	L	M
	2016	2017	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018
	Actual	Budget	Projected	Actual v 2017	Marketing	Programs	Admin	Kruger	Other	Total	Increase /	General Notes
			Actual	Budget					Property	Budget	(Decrease) from	%
				Variance							2017 Actual	Change
1 Income												
2 Operating Revenues												
3 5781 - Rental Income	8,430,235	8,683,141	8,683,148	-	-	-	-	-	8,943,635	8,943,635	260,487	3% Per contract
4 5781.1 - S/E Hospital Rental Income	1,336,552	1,403,790	1,398,323	(5,467)	-	-	-	-	1,287,388	1,287,388	(110,935)	-8% Per contract plus CAM & LH Excise Tx (Sta 270/280 Vacant 3/1/18-12/31/18)
5 5781.2 - Kruger Clinic Rental Income	305,887	318,632	318,632	(0)	-	-	-	-	331,377	331,377	12,745	4% Per contract
6 5781.3 - Value Village Rental Income	1,695,036	1,439,861	1,439,861	(0)	-	-	-	-	1,138,779	1,138,779	(305,680)	-21% Straight-line Swedish contracts
7 5781.4 - Develon Rental Income	53,817	53,817	53,817	-	-	-	-	-	53,817	53,817	-	0% Per contract
8 5782 - Pavilion Ground Lease Income	31,559	29,720	31,561	1,841	-	-	-	-	-	-	4,037	13% Verdant Healthier Communities Conference/VCMC Class Registration
9 5783 - Other Operating Income	11,852,386	11,928,961	11,925,342	(3,619)	32,648	3,000	-	-	-	35,648	4,037	-1%
10 Total Operating Revenues	11,852,386	11,928,961	11,925,342	(3,619)	32,648	3,000	-	-	-	35,648	4,037	-1%
11 Expense												
12 Operating Expenses												
13 Salaries	654,680	639,689	622,240	(17,449)	59,720	344,458	321,042	-	-	725,220	102,880	17% & FTE's
14 6010 - Salaries	44,810	43,770	47,329	3,559	4,569	26,351	23,608	-	-	54,528	7,199	15%
15 6011 - Payroll Tax Expense	23,028	30,000	22,051	(7,949)	-	-	30,000	-	-	30,000	7,949	36%
16 8020 - Commissioners Wages	722,518	715,459	691,620	(21,839)	64,388	370,809	374,651	-	-	805,148	118,127	17%
17 Total Salaries	4,594	14,825	720	(14,105)	3,338	12,000	6,500	-	-	18,500	17,780	2470%
18 Benefits	50,657	52,782	49,899	(2,883)	413	40,499	18,281	-	-	62,107	12,269	24% Includes 10% Increase in June
19 6111 - Accrued Vacation/Sick Leave	4,685	4,347	4,402	54	3,383	3,001	1,788	-	-	5,502	1,100	25% Includes 10% Increase in June
20 6155 - Health Insurance	39,415	36,361	37,335	(1,047)	1,101	20,667	19,263	-	-	43,513	6,178	17% 6% of salaries
21 6160 - 401(k) Retirement Expense	15,277	16,609	17,042	433	1,101	11,494	7,483	-	-	20,018	2,976	17% FSA, Life Insurance
22 6190 - Other Employee Benefits	2,510	4,800	5,171	371	-	-	4,800	-	-	4,800	(371)	-7% Stevens Hospital Claims
23 6190 - Workers Comp Self Insurance	15,151	16,507	16,377	(130)	146	2,580	16,868	-	-	16,868	491	3% Stevens Hospital Claims Administration
24 6191 - Work Comp Service Fee-EV	1,728	1,690	1,748	59	8,716	90,475	75,652	-	-	174,713	42,020	32%
25 6192 - Workers Comp - State Fund	136,016	145,542	132,694	(12,848)	7,200	-	50,000	-	-	57,200	28,009	96%
26 Total Benefits	109,163	107,738	79,191	(28,547)	-	-	-	-	-	37,080	858	310% Ash, Thomas & Assoc, other
27 Professional Services	61,026	80,011	96,222	(15,211)	-	-	-	-	-	89,990	68,067	310% Ash, Thomas & Assoc, other
28 6210 - Professional Fees	39,365	104,290	21,923	(82,367)	-	35,700	50,000	-	4,290	104,485	51,634	98% Foster Pepper, Trademark Protection
29 6220 - Property Management	129,588	101,800	52,851	(48,949)	4,485	-	100,000	-	-	70,000	10,949	19% Moss Adams, SAO
30 6240 - Legal	44,801	70,000	59,051	(10,949)	11,685	35,700	270,000	37,080	4,290	358,755	139,515	80%
31 6250 - Accounting/Audit	383,943	463,839	199,240	(264,599)	-	-	-	-	-	-	-	0%
32 Total Professional Services	(62,030)	(62,030)	(62,030)	-	-	-	(62,030)	-	-	(62,030)	-	0%
33 9999 - Amortization - 12 LTGO Premium	110,722	119,669	79,277	(40,392)	-	-	-	-	-	79,277	-	0%
34 9999 - TI Amortization	48,692	57,639	17,247	(40,392)	-	-	-	-	-	17,247	-	0%
35 Total Other Amortization	159,414	177,308	96,524	(80,784)	-	-	-	-	-	-	-	0%
36 Interest Expense	129,688	105,450	105,450	-	-	-	-	-	-	80,163	(25,288)	-24%
37 6854 - 12 LTGO Interest Exp	67,922	111,475	48,043	(63,432)	3,500	3,000	71,295	-	-	77,795	29,752	62% Includes Parking Lot Lease, Bank Fees, etc.
38 Total Interest Expense	115,661	133,312	48,431	(84,881)	-	-	-	-	-	15,048	(93,883)	-69%
39 Purchased Services	14,055	15,440	16,666	226	-	21,120	-	-	-	21,120	4,454	27%
40 6650.0 - VCMC Purchased Services	10,850	6,000	13,860	(5,588)	-	-	18,000	96,303	-	114,903	4,934	5% Janitorial
41 6650.1 - Other KC Purchased Services	3,304	30,000	417	(29,683)	6,000	-	6,600	27,622	-	34,222	20,362	147% Landscaping, Snow Removal, Parking Lot Sweeping
42 6650.2 - Front Desk Staffing	20,655	25,800	23,767	(2,033)	15,000	-	-	-	-	15,000	15,000	100% ADIV/OI
43 6650.3 - Janitorial	14,668	18,000	15,709	(2,291)	13,800	-	-	-	-	23,800	33	0%
44 6650.4 - Landscaping/Pk Lot Maint	3,486	8,200	6,089	(2,111)	6,000	-	-	-	-	13,800	(2,365)	-17%
45 6675.0 - Marketing	26,512	361,501	11,415	(659)	11,040	-	11,150	-	-	6,000	(89)	-1%
46 6675.1 - Sponsorships	6,800	8,380	10,841	2,461	79,140	24,120	107,045	138,973	-	22,195	10,775	94% Microsoft
47 6675.2 - Printing	25,670	25,304	27,229	2,461	-	4,500	8,600	240	-	349,278	54,512	18%
48 6675.3 - Website	302	800	272	(528)	28,200	-	1,000	261	-	13,340	2,499	23%
49 6675.4 - Newsletter	33,773	98,484	38,342	(442)	28,200	4,500	10,200	501	-	29,461	2,233	8% Includes Canopy Newsletter
50 Total Purchased Services	128,831	122,074	114,115	(6,959)	11,040	-	11,150	-	-	43,401	5,060	13%
51 Supplies	6,800	8,380	10,841	2,461	-	-	-	-	-	-	-	-
52 6300 - Supplies	25,670	25,304	27,229	2,461	-	-	-	-	-	-	-	-
53 6400 - Postage	302	800	272	(528)	-	-	-	-	-	-	-	-
54 6490 - Books and Publications	33,773	98,484	38,342	(442)	-	-	-	-	-	-	-	-

E: 73:17
10.16.2017

**Public Hospital District 2, Snohomish County
2018 Draft Budget**

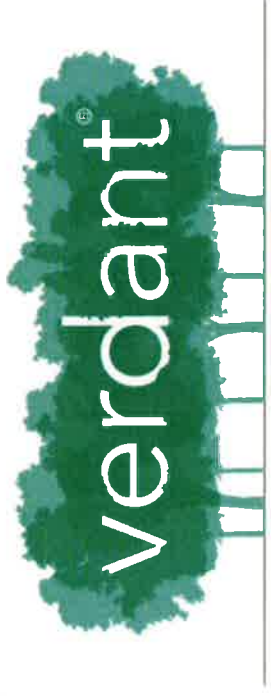


	B	C	D	E	F	G	H	I	J	K	L	M
	2016	2017	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018
	Actual	Budget	Projected Actual	Actual v 2017 Budget Variance	Marketing	Programs	Admin	Kruger	Other Property	Total Budget	Increase / (Decrease) from 2017 Actual	% Change
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84% Includes PRR Software, Computer & Software for additional staff
109%
145% Includes staff retreat/training, mileage, hotel, airfare, etc.
21% \$1500per/EE Prod Dev

2% 1% annual increase + construction + refunds

-86% per schedule
-5% per schedule
-2% per schedule
-19% per schedule
-32% per schedule
-50%



HEALTH COMMISSION

Superintendent's 2018 Budget Proposal

Consideration by Board of Commissioners

October 18, 2017





Verdant Health Commission Update

Building the Foundation for a Healthier Community

Why do we do this?

- RCW 70.44.060 requires the Superintendent of the District to prepare a proposed budget of the contemplated financial transactions of the District for the ensuing year and to file the budget in the records of the Commission on or before the first day in November.



Verdant Health Commission Update

Building the Foundation for a Healthier Community

Verdant Mission and Vision

Mission: To improve the health and well-being of our community.

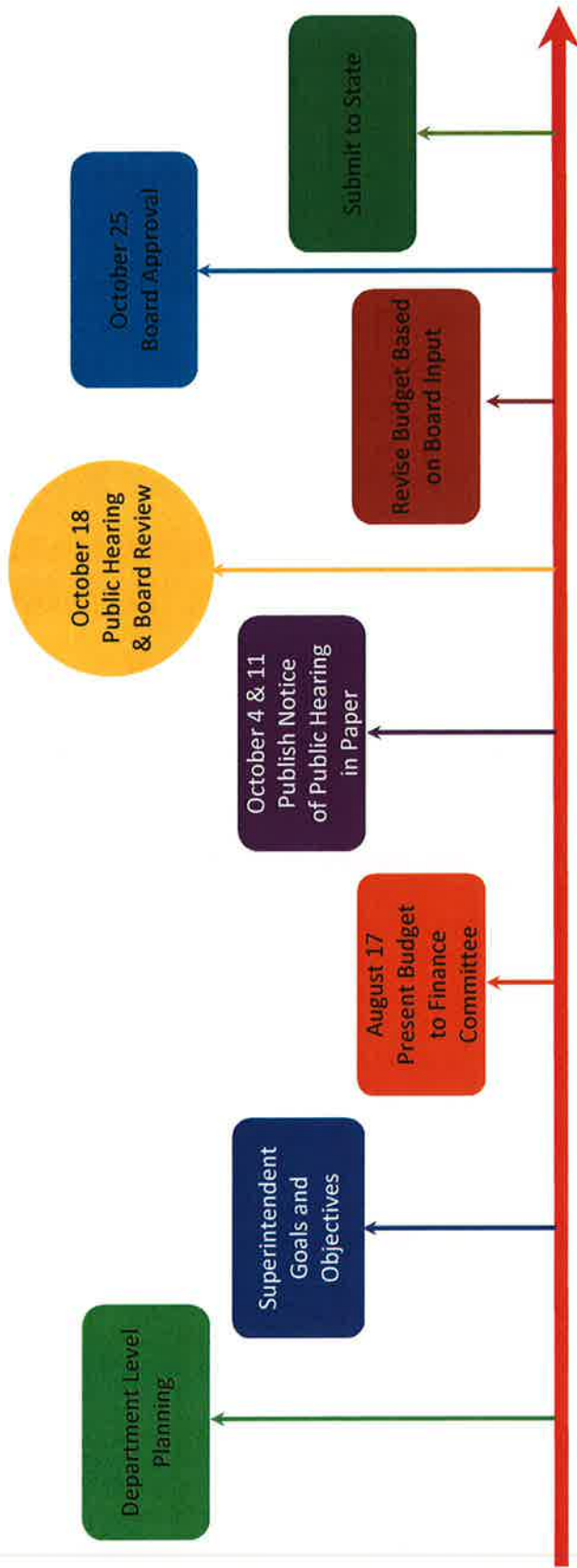
Vision: To be a sustaining public resource improving the health and well-being of South Snohomish County, collaboratively and creatively working to meet the needs of our community.



HEALTH COMMISSION

Verdant Health Commission Update *Building the Foundation for a Healthier Community*

Budgeting Timeline





Verdant Health Commission
Building the Foundation for a Healthier Community

Organizational Goals Related to Budget

- Alignment of dollars with areas set forth in strategic plan:
 - Increase mental health services/decrease ACES
 - Decrease childhood obesity
 - Improve treatment and access to healthcare
 - Improve dental care access



HEALTH COMMISSION

Verdant Health Commission
Building the Foundation for a Healthier Community

Organizational Goals Related to Budget

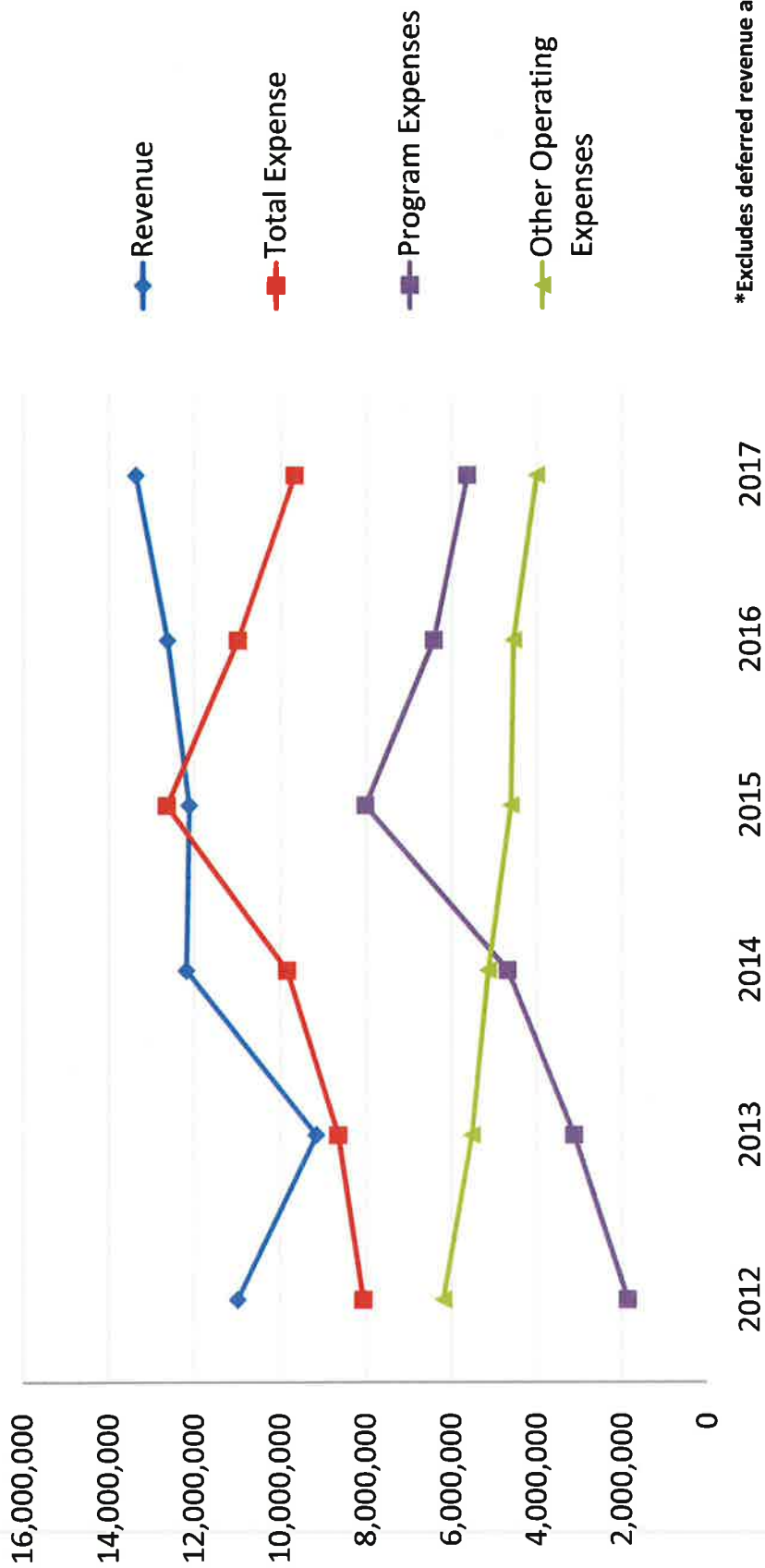
- Focus on community needs data
- Increase spending on programming
- Create first annual report for the organization
- Financial reserve and investments
- Board articulated vision for Value Village property

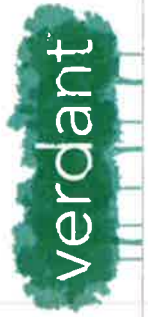


HEALTH COMMISSION

Verdant Health Commission Update *Building the Foundation for a Healthier Community*

Revenue and Expense Trends Over Time





Verdant Health Commission Update *Building the Foundation for a Healthier Community*

Verdant Revenue





Verdant Health Commission Update

Building the Foundation for a Healthier Community

Revenue Assumptions

- Swedish Edmonds hospital, Value Village, and Pavilion ground lease fixed
- Swedish Kruger Medical Building Ste 270/280 unoccupied Mar-Dec 2018
- Property Management NW calculated tenant common area maintenance (CAM) recovery
- Verdant Healthier Communities Conference March 12, 2018 – assumes 300 attendees plus \$16,000 in sponsorship contributions
- Levy includes automatic 1.0% annual increase (\$22,667) over 2017 plus new construction and refunds
- Investment Income based on 2017 trends

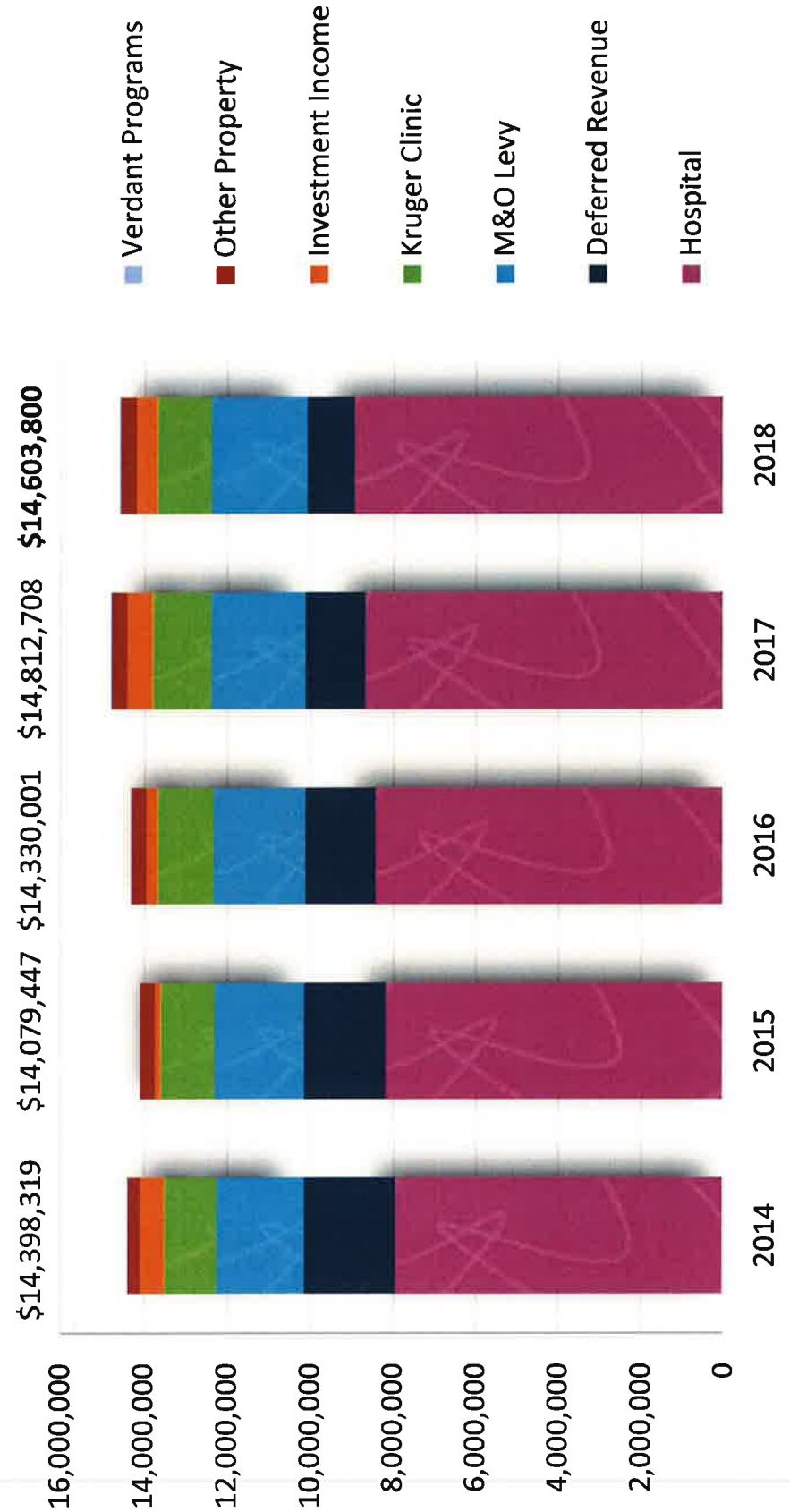


HEALTH COMMISSION

Verdant Health Commission Update

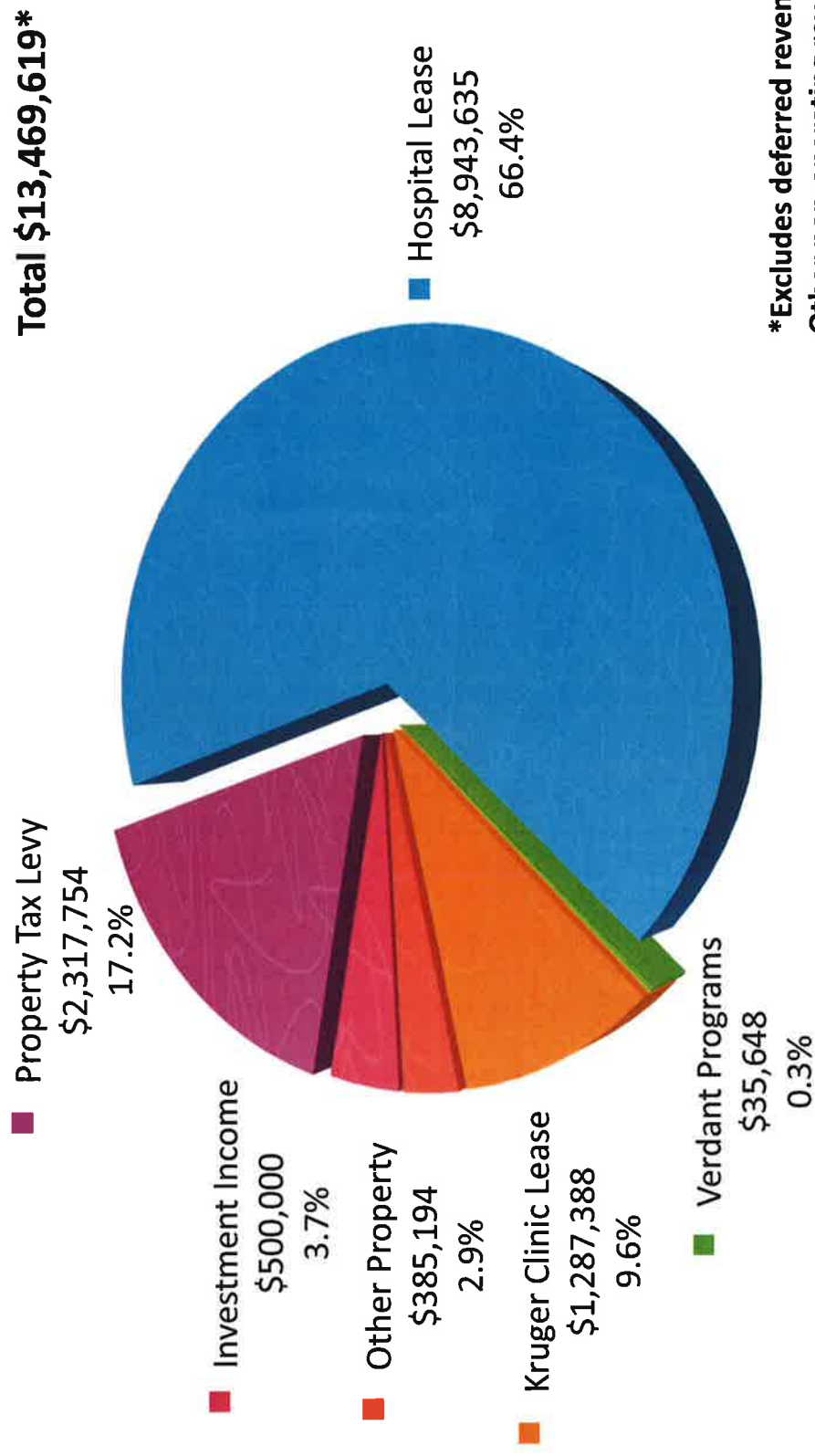
Building the Foundation for a Healthier Community

Revenue by Source



* Excludes other non-operating revenue

2018 Revenue by Source



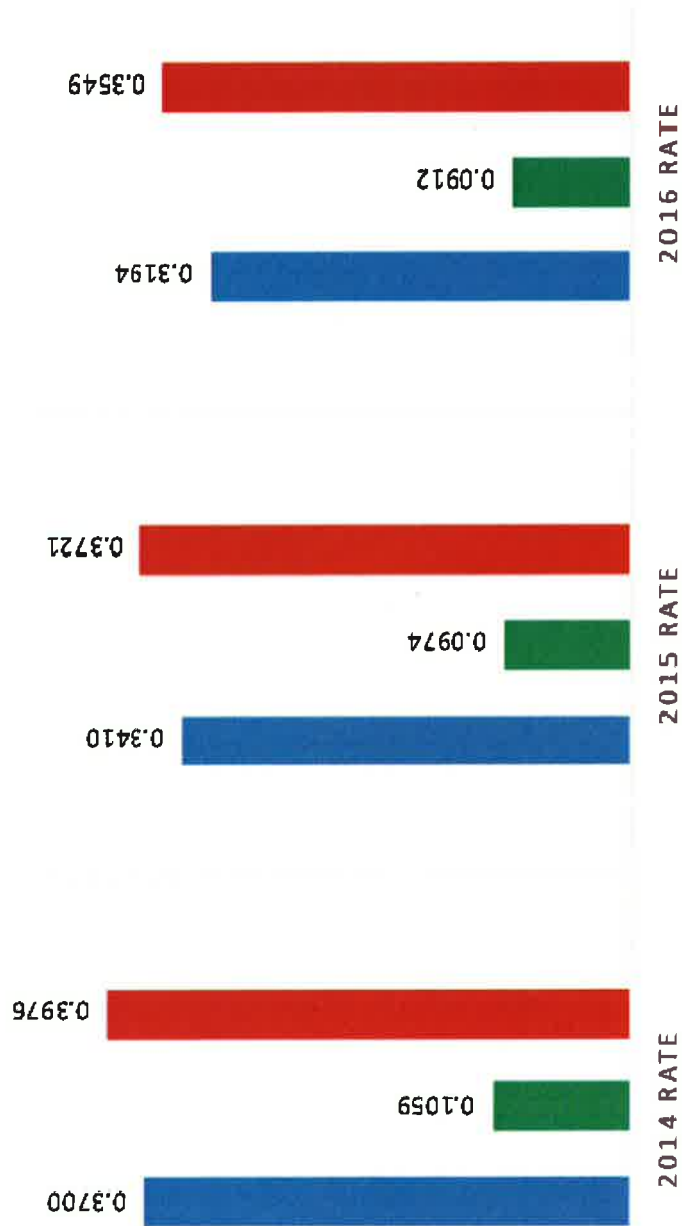


HEALTH COMMISSION

Verdant Health Commission
Building the Foundation for a Healthier Community

Maintenance and Operations Tax Levy: Recent Rates

- Evergreen Health Monroe (PHD#1)
- Verdant Health Commission (PHD#2)
- Cascade Valley Hospital and Clinics (PHD#3)



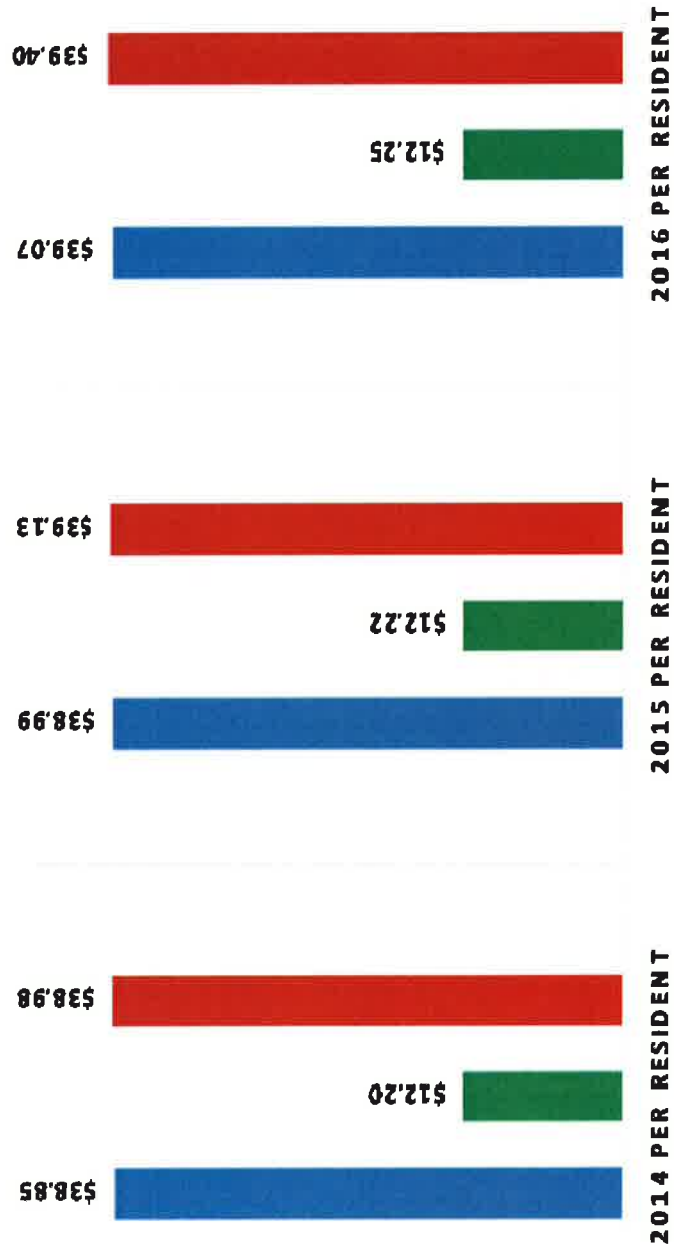


HEALTH COMMISSION

Verdant Health Commission
Building the Foundation for a Healthier Community

Maintenance and Operations Tax Levy: Per Resident Per Year

■ Evergreen Health Monroe (PHD#1)
■ Verdant Health Commission (PHD#2)
■ Cascade Valley Hospital and Clinics (PHD#3)





Verdant Health Commission Update
Building the Foundation for a Healthier Community

Verdant Expenses



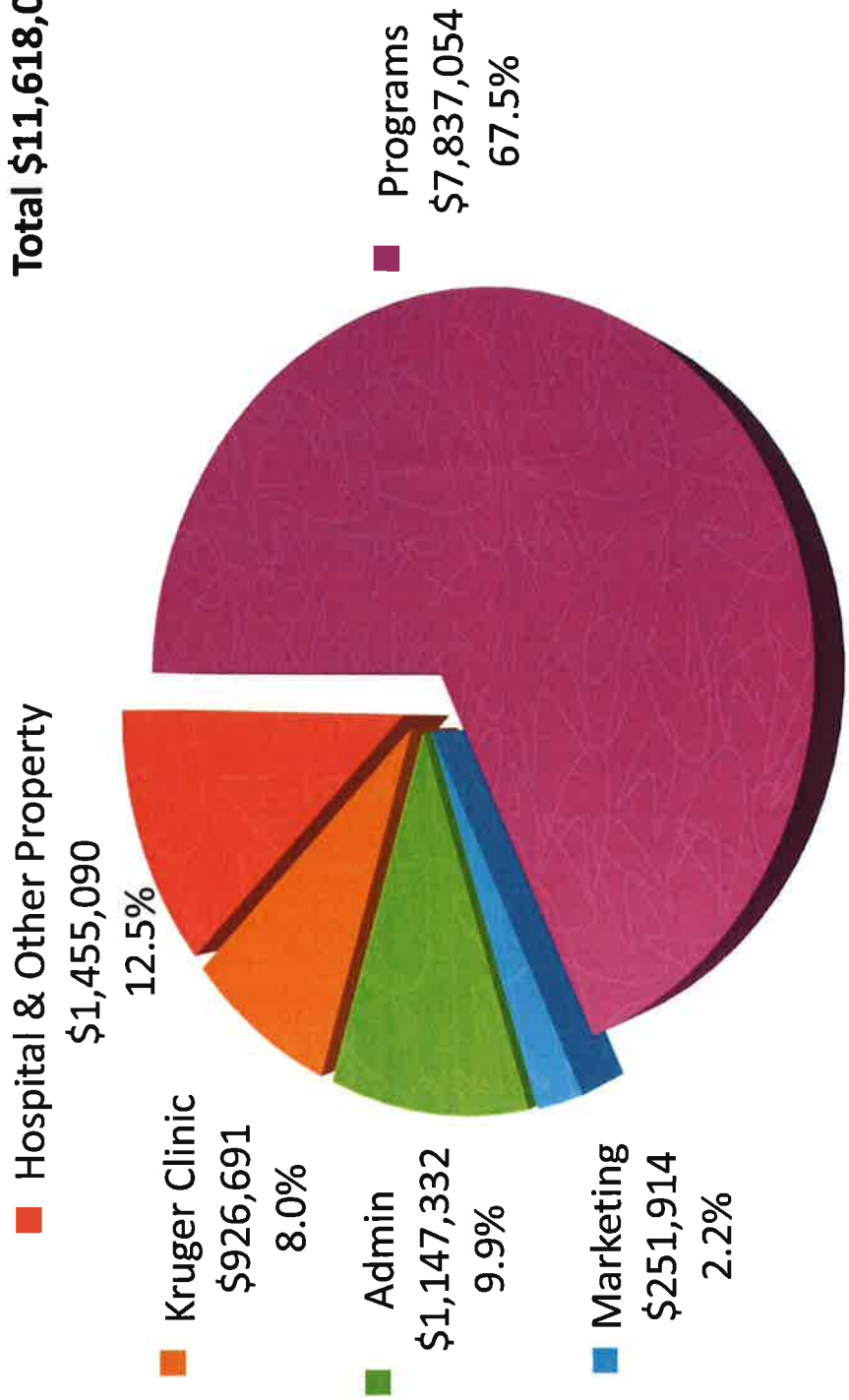


HEALTH COMMISSION

Verdant Health Commission Update
Building the Foundation for a Healthier Community

Operating Expenses by Department

Total \$11,618,081





HEALTH COMMISSION

Verdant Health Commission Update

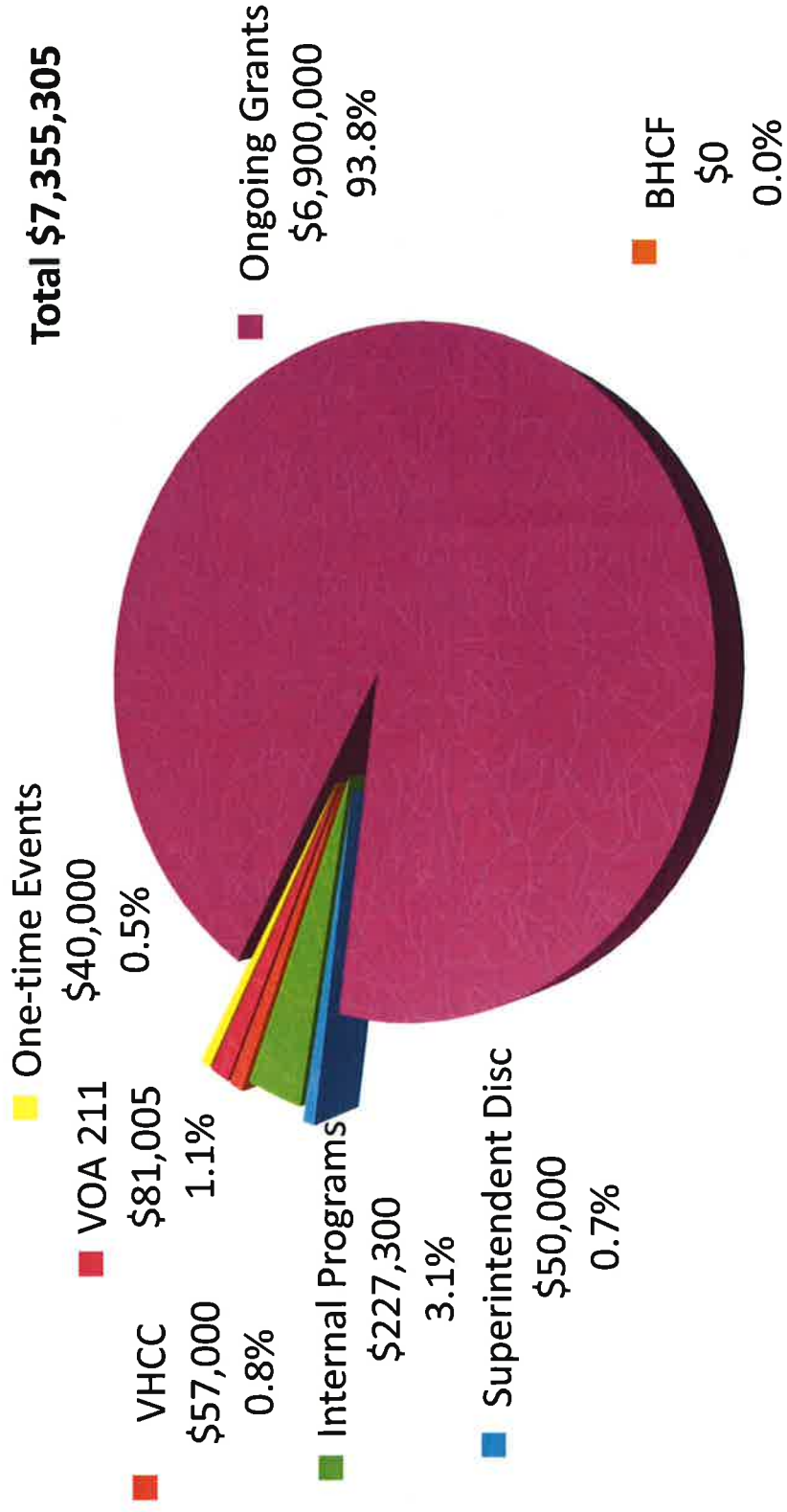
Building the Foundation for a Healthier Community

Verdant Only Expenses	2017 Estimate	2018 Budget	\$ Change
Salaries & Benefits	\$824,314	\$ 984,461	\$160,147
Professional Services	163,018	317,385	154,367
Interest Expense	105,450	80,163	(25,288)
Purchased Services	141,417	210,305	68,888
Utilities	35,200	35,270	70
Other Operating Expense	66,795	92,434	25,639
Programs	5,516,580	7,355,305	1,838,725
Depreciation	162,918	160,977	(1,941)
Total	\$7,015,692	\$ 9,236,300	\$2,220,608



Verdant Health Commission Update *Building the Foundation for a Healthier Community*

Grants & Internal Program Expenses





Verdant Health Commission Update
Building the Foundation for a Healthier Community

2018 Grant Funding

Connections to strategic priorities:

- Significant ongoing funding for mental/behavioral health, childhood obesity, seniors/care coordination
- Other:
 - Dental
 - Access to healthcare
 - Community infrastructure: long-term improvements to support healthy lifestyle

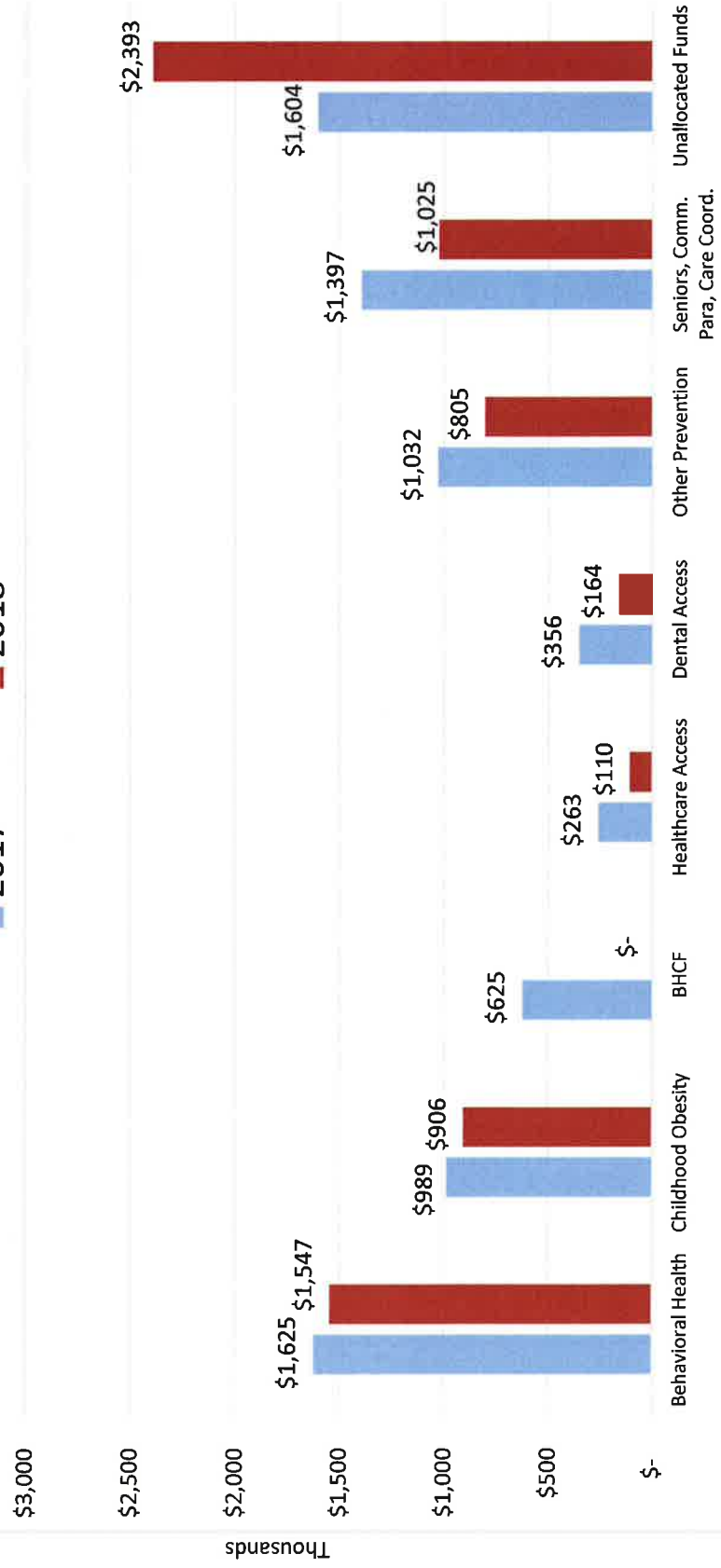


Verdant Health Commission Update
Building the Foundation for a Healthier Community

2018 Grant Funding by Priority Area

Verdant Committed Grant Funds (\$k)

■ 2017 ■ 2018





Verdant Health Commission Update
Building the Foundation for a Healthier Community

2018 Grant Capacity

- \$2.4 million unallocated
- Larger expected renewals in 2018:
 - Seniors: Care Coordination & Center for Healthy Living: \$294k in 2018 (annualized \$769k)
 - Childhood obesity: City of Lynnwood Move 60! Teens and Campfire: \$124k
 - Healthcare access: PSCC Mobile Medical: \$96k



Verdant Health Commission Update
Building the Foundation for a Healthier Community

Verdant “Internal” Programs

- Nutrition & Activity Programs
- Behavioral Health
- Education and Health Screenings
- Multicultural Programming



Verdant Health Commission Update
Building the Foundation for a Healthier Community

2018 "Internal" Program Highlights





HEALTH COMMISSION

Verdant Health Commission Update
Building the Foundation for a Healthier Community

2018 "Internal" Program Highlights



U.S. Department of Health and Human Services
Centers for Disease Control and Prevention





HEALTH COMMISSION

Verdant Health Commission Update
Building the Foundation for a Healthier Community

2018 Multicultural Program Highlights

*Nos Venes
en el Parque*

Actividades y
gratias para
6:30-8 p

meet me at the park

Join us for free
activities & fun!
6:30-8 p.m.



Disciplina Positiva

Viernes, Septiembre 22

Venga a aprender como el programa de "Disciplina Positiva" lo puede ayudar a las metas para aprender, planear un acercamiento eficaz y encontrar las soluciones que funcionan de verdad. Velia Lara

Salud en nuestros jóvenes: riesgos y soluciones

Viernes, Septiembre 29

Aprenda como educar e informar a sus pre-adolescentes y adolescentes sobre los obstáculos que se presentan cuando nuestros jóvenes crecen en este país: alcohol, tabaco, relaciones sexuales sin protección y exposición a violencia. Kathy Partida, MD

Prepárese y prevenga accidentes en casa



Verdant Health Commission Update
Building the Foundation for a Healthier Community

Additional Internal Capacity

- Add social worker staff position, continue with VOA Community Resource Advocate position
- Exploring contracting with Snohomish Health District on shared epidemiological resources
- Additional contracted dietitian resource, stipend for community health worker leads
- Full time outreach position



HEALTH COMMISSION

Verdant Health Commission Update *Building the Foundation for a Healthier Community*

Debt Service and Reserve Balance

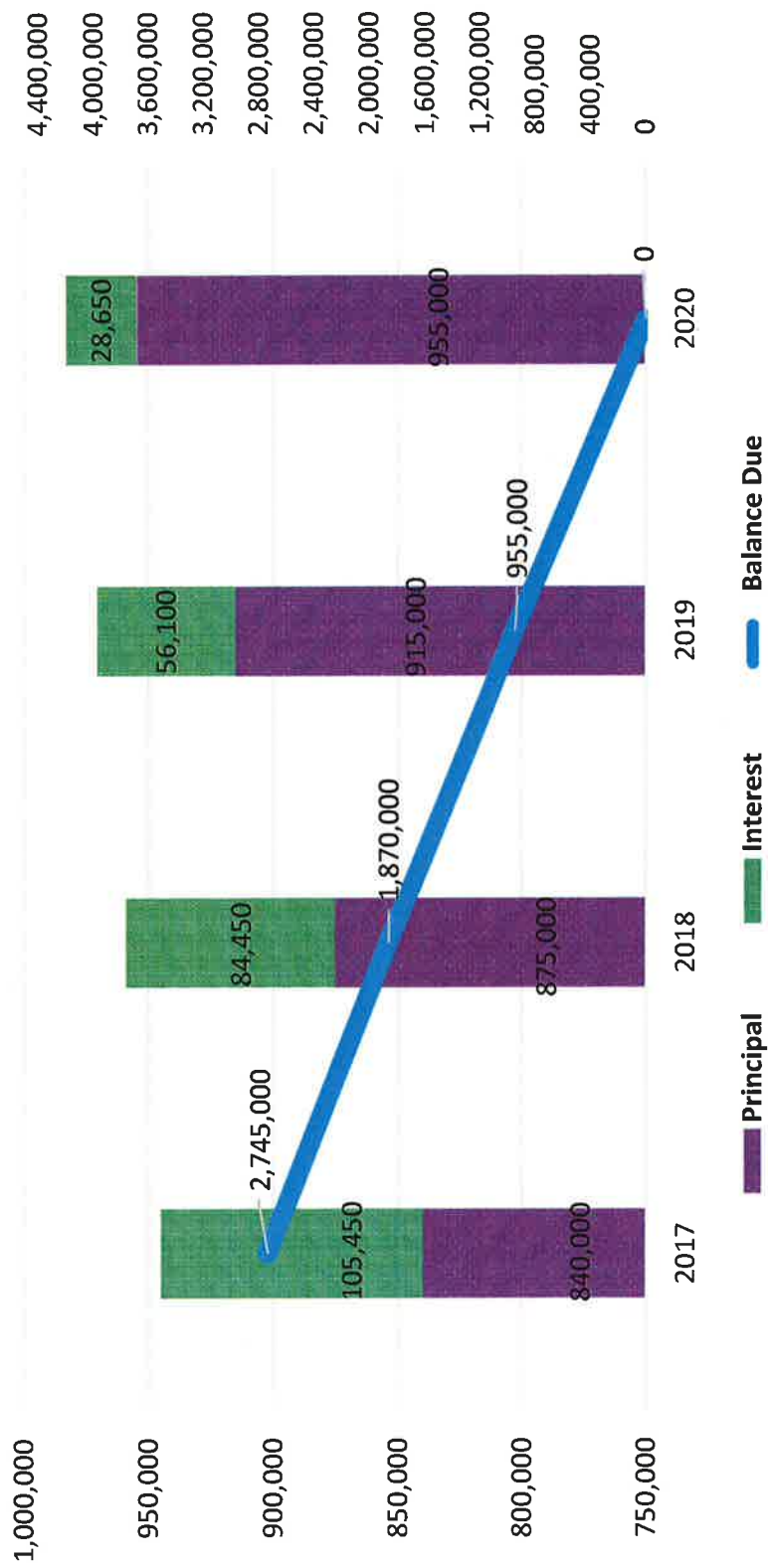




HEALTH COMMISSION

Verdant Health Commission Update *Building the Foundation for a Healthier Community*

Debt Service on 2012 LTGO Bonds

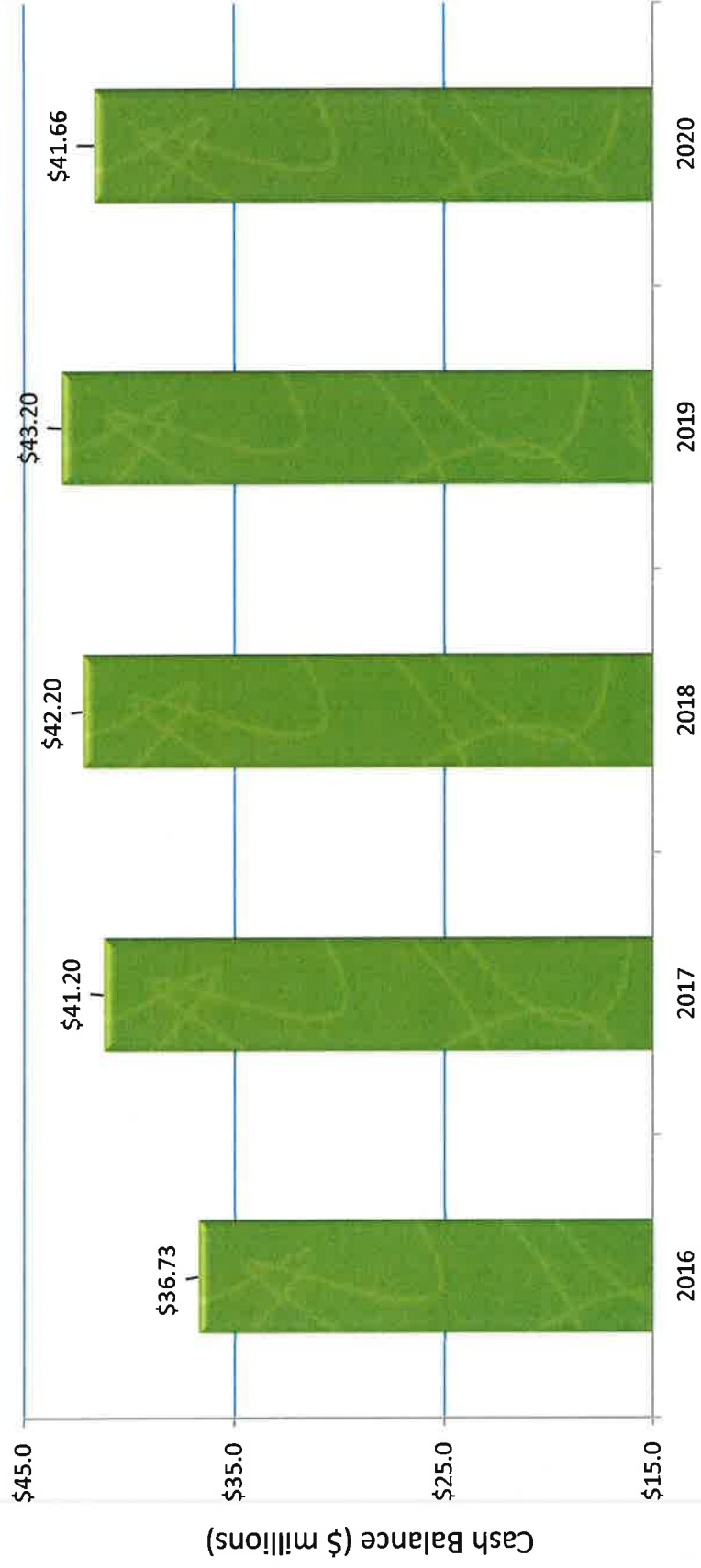




Verdant Health Commission Update

Building the Foundation for a Healthier Community

Reserve Investments





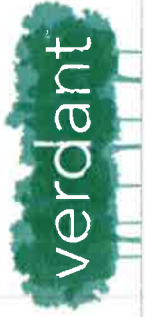
HEALTH COMMISSION

Verdant Health Commission Update

Building the Foundation for a Healthier Community

Public Hospital District 2 – Budget 2018

	2017 Actual	2018 Budget	\$Change	%
Operating Revenue	\$ 11,925,342	\$ 11,786,046	(\$139,295)	(1%)
Programs	(5,516,580)	(7,355,305)	1,838,725	33%
Other Operating Expenses	(1,872,974)	(2,305,611)	432,637	23%
Depreciation	(2,152,096)	(1,957,165)	(194,931)	(9%)
Maintenance and Operations Levy	2,272,389	2,317,754	50,652	2%
Other Non-operating Revenue(Expense)	1,321,981	500,000	(776,617)	(22%)
Net Income	5,978,062	2,985,718	(\$2,992,343)	(50%)
Capital Outlay	\$127,736	\$0	(\$127,736)	



HEALTH COMMISSION

Verdant Health Commission
Building the Foundation for a Healthier Community

Challenges, Changes, Unknowns

- Pause on BHCF for 2018
- Unknown capital needs for KC and VCWC
- Unknown needs related to VV planning process
- Inconsistencies in MI/CPE payments
- No significant changes to revenue stream
- Reserve strategy
- Potential changes in healthcare and delivery system still unknown



HEALTH COMMISSION

Verdant Health Commission Update *Building the Foundation for a Healthier Community*

Summary

- Strong financial position!
- Operating revenue decrease of <1% over 2017 budget
- Reserve goal of \$40m met 3 years early
- Expenses are stable
- Addition of Social Worker and Expansion of Outreach to full time
- Program budget 33% increase over 2017 spending
- Great opportunity to explore new ways to reach our mission



Verdant Health Commission Update
Building the Foundation for a Healthier Community

Public Hearing

to hear testimony from people who
have comments regarding the
proposed budget



Commissioner Questions & Discussion



**Public Hospital District #2
Board Special Meeting Agenda**

**OCTOBER 18, 2017
8:00 to 9:30 a.m.**

**Verdant Community Wellness Center
Birch Room**

- | | | | |
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| 5. | Adjourn | | 9:30 am |