

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

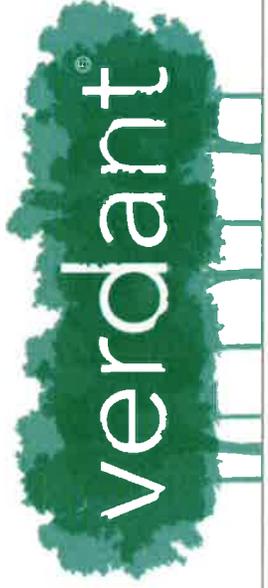


Secretary

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	2017	2017	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
	Actual	Budget	Projected Actual	Projected Budget	Actual v 2017 Budget	Marketing	Programs	Admin	Kruger	Other	Property	Total Budget	Increase / (Decrease) from 2017 Actual	% Change	General Notes									
61	Repairs and Maintenance																							
62	6620 - Repells	10,893	12,000	5,875	(6,125)						10,000				10,000	4,125	70%							
63	6621 - Maintenance Contracts	37,846	41,284	35,121	(6,163)						16,000	25,465			41,465	6,344	18%							
64	6622 - Kruger Clinic Repairs	54,642	49,996	28,434	(21,562)						54,636				54,636	26,202	92%							
65	Total Repairs and Maintenance	103,471	103,280	69,429	(33,851)						26,000	80,101			106,101	36,671	53%							
66	Insurance																							
67	6910 - Insurance	33,469	35,480	35,862	382						13,005	18,794	5,592		37,391	1,529	4%							
68	Total Insurance	33,469	35,480	35,862	382						13,005	18,794	5,592		37,391	1,529	4%							
69	Utilities																							
70	6510 - Electricity	102,443	92,318	100,667	8,349						14,207	87,595			101,802	1,135	1%							
71	6540 - Water/Sewer	21,734	25,374	16,645	(8,729)						3,791	15,920			19,710	3,065	18%							
72	6550 - Garbage	17,762	19,392	21,096	1,644						2,926	19,191			22,117	1,081	5%							
73	6560 - Natural Gas	659	800	698	(102)						707				707	8	1%							
74	6570 - Telephone/Internet	10,971	11,844	9,827	(2,017)						10,129	2,544			12,673	2,846	29%							
75	6580 - Security Monitoring	3,159	3,510	3,408	(102)						3,510	6,996			10,446	7,038	207%							
76	Total Utilities	156,728	153,238	152,382	(857)						35,270	137,186			167,456	15,174	10%							
77	Taxes																							
78	6920 - License and Tax	25	25	291	266						25				25	(266)	-91%							
79	6921 - Leasehold Taxes	87,355	89,197	89,278	81							41,373	37,707		79,080	(10,198)	-11%							
80	6925 - R&O Tax	9,322	8,832	9,578	1,146					45					10,015	47	0%							
81	Total Taxes	96,702	98,054	99,247	1,493				250	45					10,015	37	0%							
82	Other Expenses								250	45					89,120	(10,427)	-10%							
83	6451 - Computer Expenses	9,844	10,000	10,854	854										20,000	9,146	84%							
84	6930 - News and Entertainment	5,149	6,100	1,770	(4,330)						17,000				3,600	1,880	109%							
85	6930 - Dues and Memberships	5,685	6,859	8,278	1,419				725	300	6,664				6,089	(189)	-2%							
86	6940 - Travel and Meetings	4,508	11,250	4,718	(6,532)				550	3,000	8,000				11,550	6,652	145%							
87	6941 - Commissioner Education	6,294	12,000	7,620	(4,380)						12,000				12,000	4,580	62%							
88	6942 - Prof Dev Registration/ tuition	10,460	13,750	9,946	(3,804)				1,500	6,000	4,500				12,000	2,054	21%							
89	6480 - Supplemental/Retiree/Retiree	5,482		500	500										5,000	(500)	-100%							
90	Other Expenses	164	15,000	879	(14,121)				2,775	13,100	56,364				72,339	27,924	63%							
91	Total Other Expenses	47,795	74,959	44,315	(30,644)				194,914	538,749	986,354	526,284	57,309		2,505,611	424,818	23%							
92	Total Operating Expense	2,159,307	2,355,125	1,880,793	(474,331)				194,914	538,749	986,354	526,284	57,309		2,505,611	424,818	23%							
93	Operating																							
94	7100 - Community Programs-External (Grants)	4,827,545	5,208,454	5,208,454	(1,291,546)										6,900,000	1,691,546	32%							
95	7200 - Superintendent Discretionary Fund	13,663	50,000	22,763	(27,237)										50,000	27,237	120%							
96	7300 - Community Programs-Internal																							
97	7300.1 - Healthier Community	44,531	57,000	62,596	5,596										57,000	(5,596)	-9%							
98	7300.2 - Needs Assessment & Eval	5,186	20,000	220	(19,780)				57,000	20,000					20,000	19,780	8991%							
99	7300.4 - VCWC Programming	86,298	125,600	74,485	(51,165)										129,400	54,965	74%							
100	7300.5 - VOA 211	76,355	78,646	78,646	(0)										81,005	2,359	3%							
101	7300.6 - Multicultural Health Programs														49,000	31,533	161%							
102	7300.7 - Diabetes Prevention Program (NEW)														28,900	28,900	RDV/01							
103	7400 - One-time Events	22,000	60,000	52,000	(8,000)										40,000	(20,000)	-23%							
104	7500 - Building Healthy Communities Fund	1,348,722	1,000,000		(1,000,000)																			
105	Total Program Expense	6,434,500	7,891,246	5,516,350	(2,374,896)				57,000	2,288,305					7,355,305	1,888,725	33%							
106	Net Ordinary Income	3,369,778	1,682,590	4,527,968	2,845,378				(219,266)	(7,834,054)	(986,354)	764,906	10,460,298		2,120,130	(7,402,838)	-35%							
107	Non Operating Revenue (Expense)																							
108	8030 - 2003 GO Tax Levy	185		115	115											(115)	-100%							
109	5020 - M&O Tax Levy	2,167,584	2,238,746	2,272,724	39,528										2,317,754	45,479	2%							
110	9030 - Unrealized Gain on Investment	(307,930)		(105,640)	(105,640)										500,000	(110,052)	-18%							
111	5781 - Investment Income	557,807	500,000	613,653	113,653											(613,588)	-100%							
112	4835 - MICEPE Payment	148,547		813,388	813,388											(813,388)	-100%							
113	5500 - Other Income (Expense)	(69,500)														(69,500)	-100%							
114	Total Non Operating Revenue (Expense)	3,514,332	2,738,746	3,594,370	855,623										2,817,754	(696,578)	-22%							
115	Earnings Before Depreciation	3,994,011	4,421,336	8,122,339	3,700,003				(219,266)	(7,834,054)	1,831,999	764,906	10,460,298		4,942,863	(3,179,493)	-39%							
116	Depreciation																							
117	6710 - Depr - Land Improvements	101,541	80,447	80,447	(0)										9,309	(71,137)	-86%							
118	6720 - Depr - Building	1,578,967	1,427,766	1,464,535	36,769										91,992	387,997	5%							
119	6730 - Depr - Fixed Equipment	391,565	375,089	374,889	(200)										43,086	321,596	366,984	2%						
120	6740 - Depr - Major Equipment	315,923	216,872	217,039	(166)										18,283	2,209	154,999	1%						
121	6750 - Depr - Minor Equipment	16,620	13,482	15,217	1,715										5,998	4,310	10,309	32%						
122	Total Depreciation	2,404,615	2,113,656	2,152,066	38,440										160,977	398,407	1,957,165	8%						
123	Net Income	3,379,396</																						



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.



HEALTH COMMISSION

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.

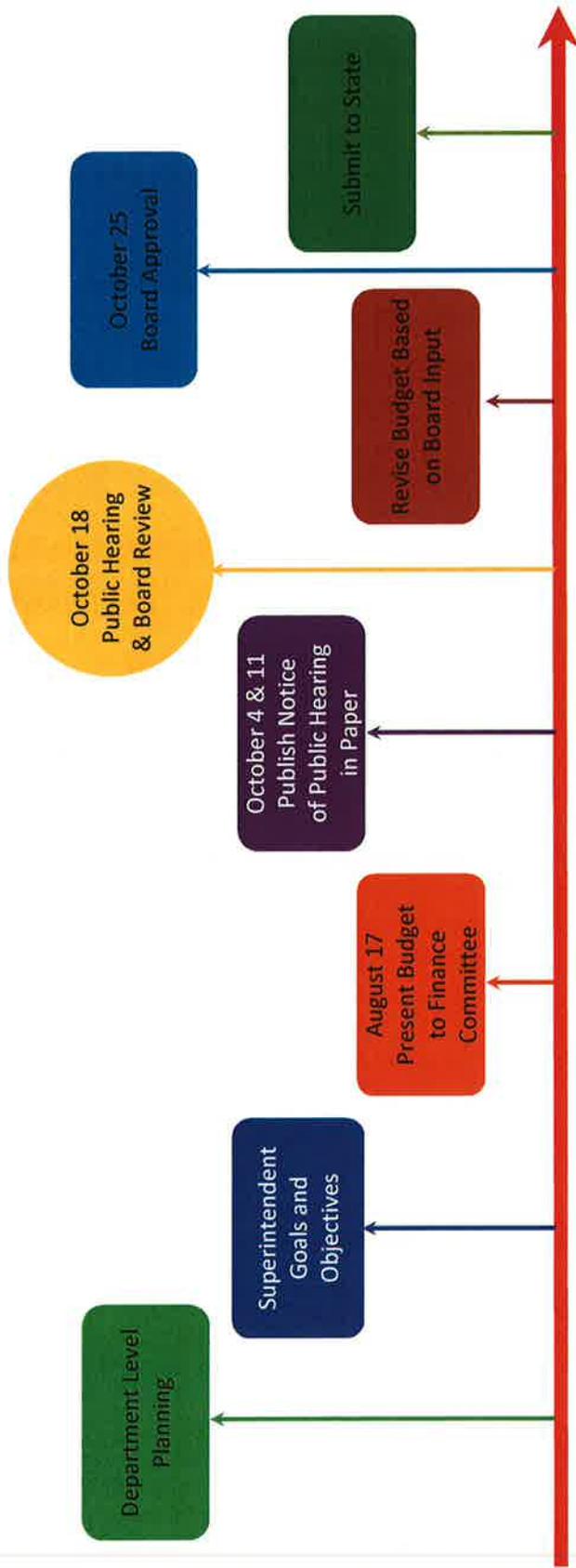


HEALTH COMMISSION

Verdant Health Commission Update

Building the Foundation for a Healthier Community

Budgeting Timeline





HEALTH COMMISSION

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



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Verdant Health Commission
Building the Foundation for a Healthier Community

Organizational Goals Related to Budget

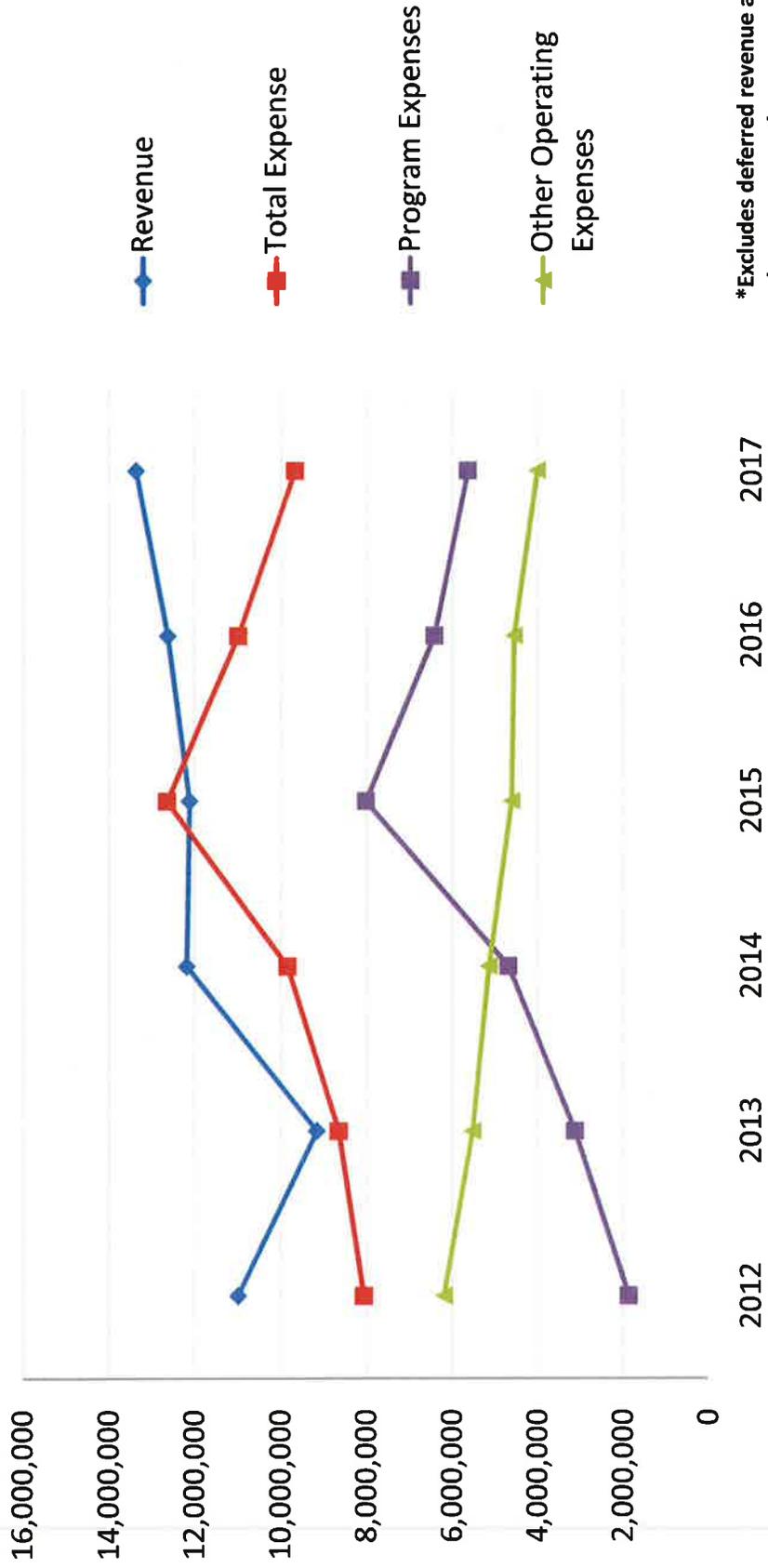
- Focus on community needs data
- Increase spending on programming
- Create first annual report for the organization
- Financial reserve and investments
- Board articulated vision for Value Village property



HEALTH COMMISSION

Verdant Health Commission Update
Building the Foundation for a Healthier Community

Revenue and Expense Trends Over Time



* Excludes deferred revenue and other non-operating revenue



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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

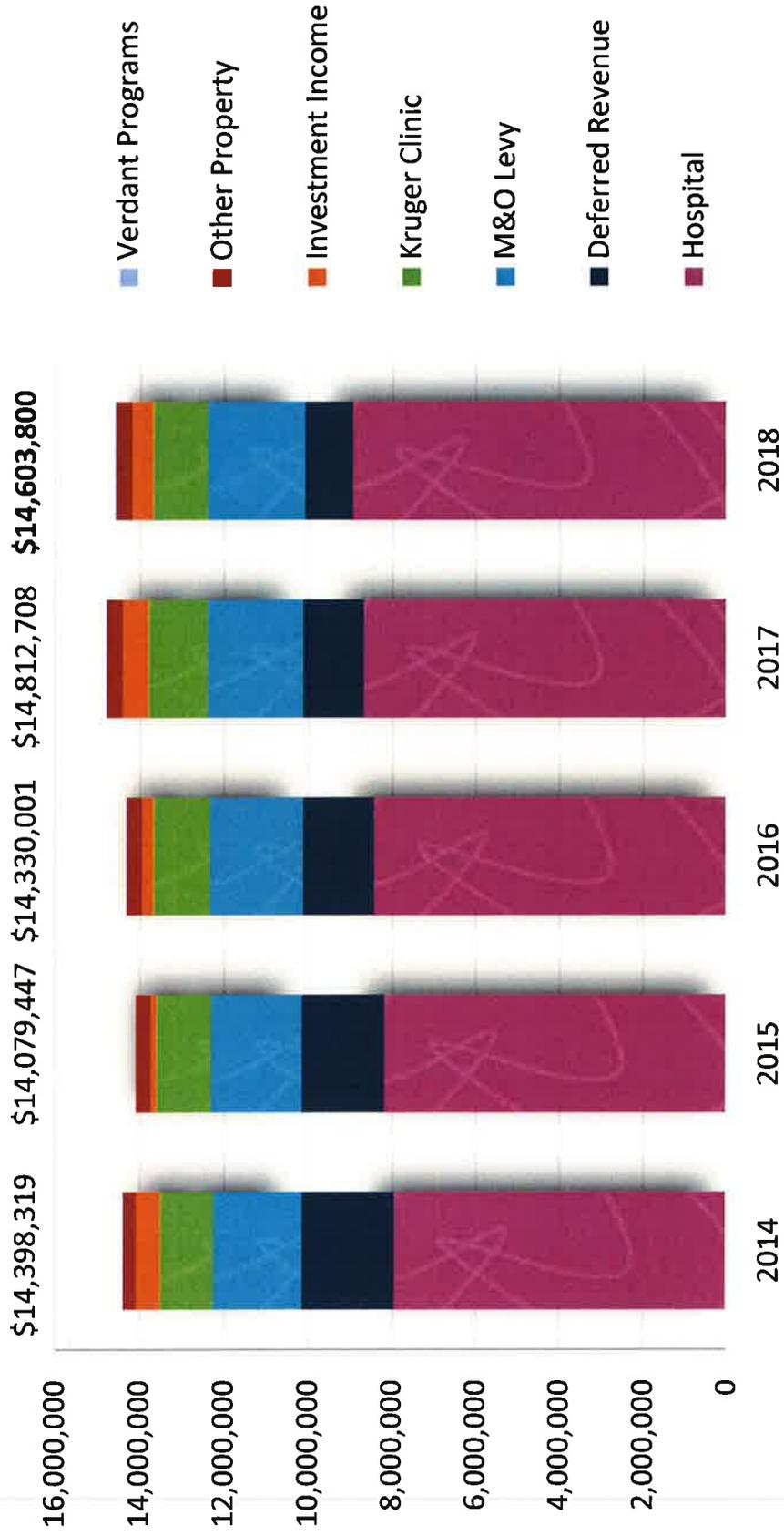
- Swedish Edmonds hospital, Value Village, and Pavilion ground lease fixed
- Swedish Kruger Medical Building Ste 270/280 unoccupied Mar-Dec 2018
- Property Management NW calculated tenant common area maintenance (CAM) recovery
- Verdant Healthier Communities Conference March 12, 2018 – assumes 300 attendees 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

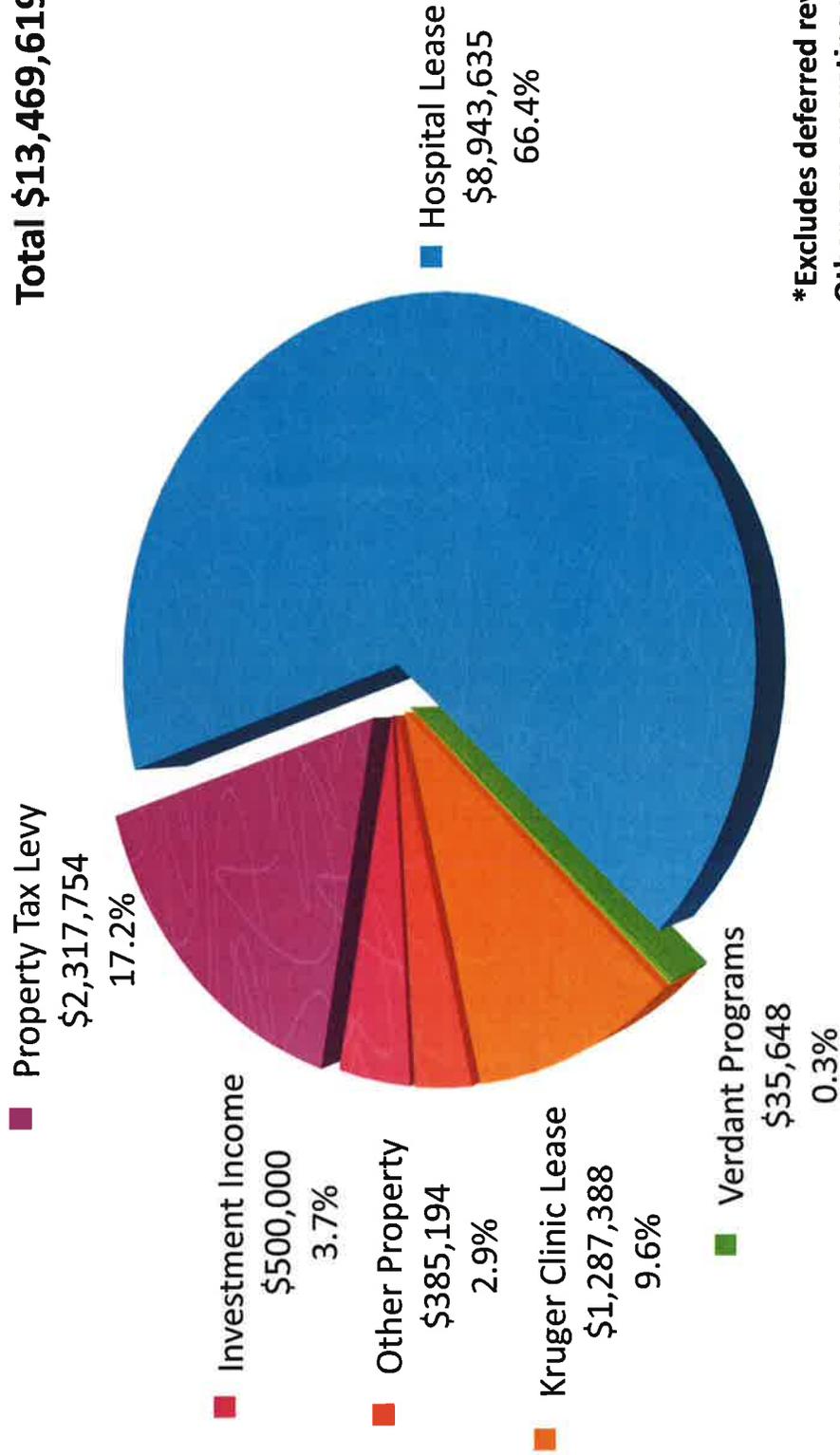


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2018 Revenue by Source

Total \$13,469,619*



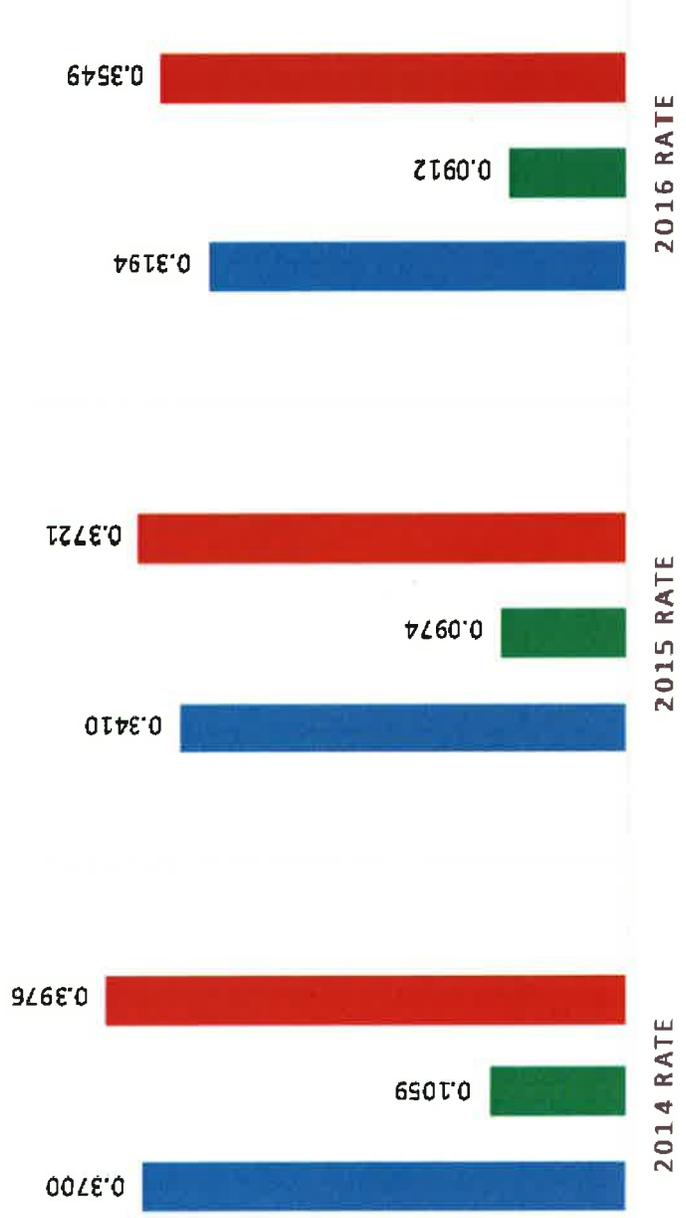
*Excludes deferred revenue & Other non-operating revenue



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)



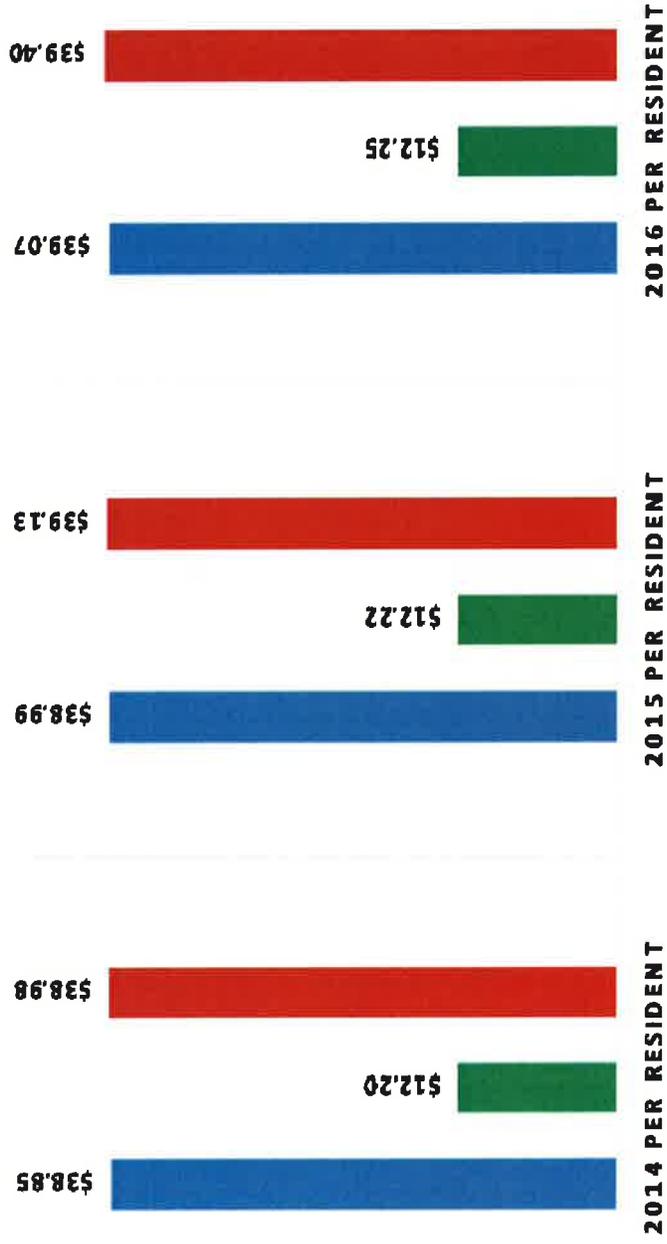


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Verdant Health Commission
Building the Foundation for a Healthier Community

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)

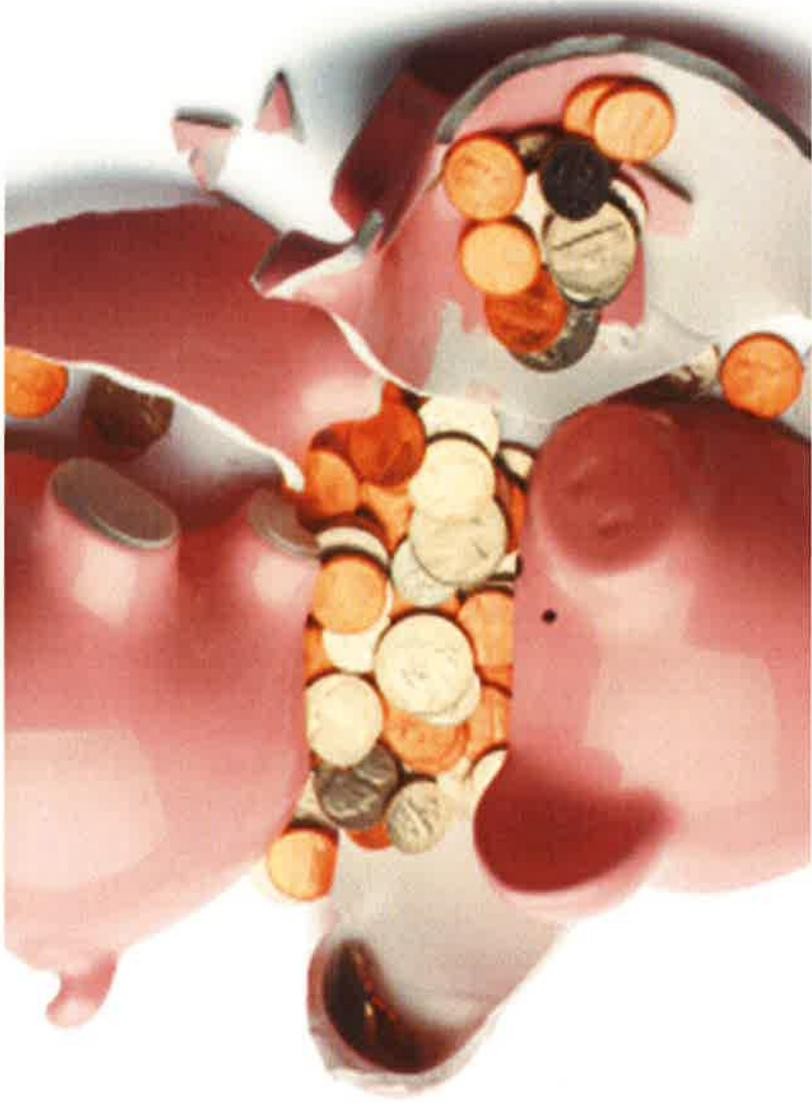




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Verdant Health Commission Update
Building the Foundation for a Healthier Community

Verdant Expenses



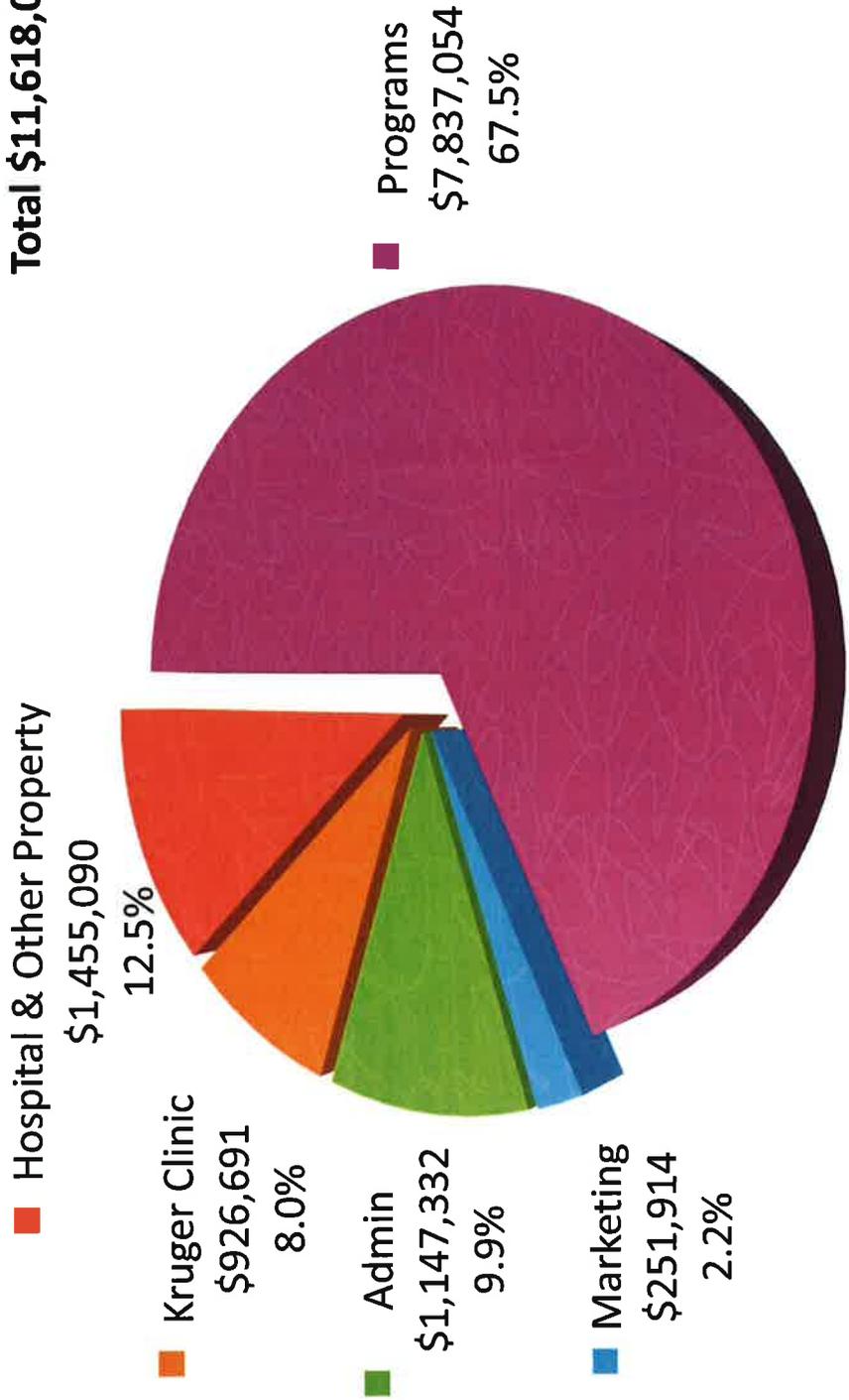


HEALTH COMMISSION

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*

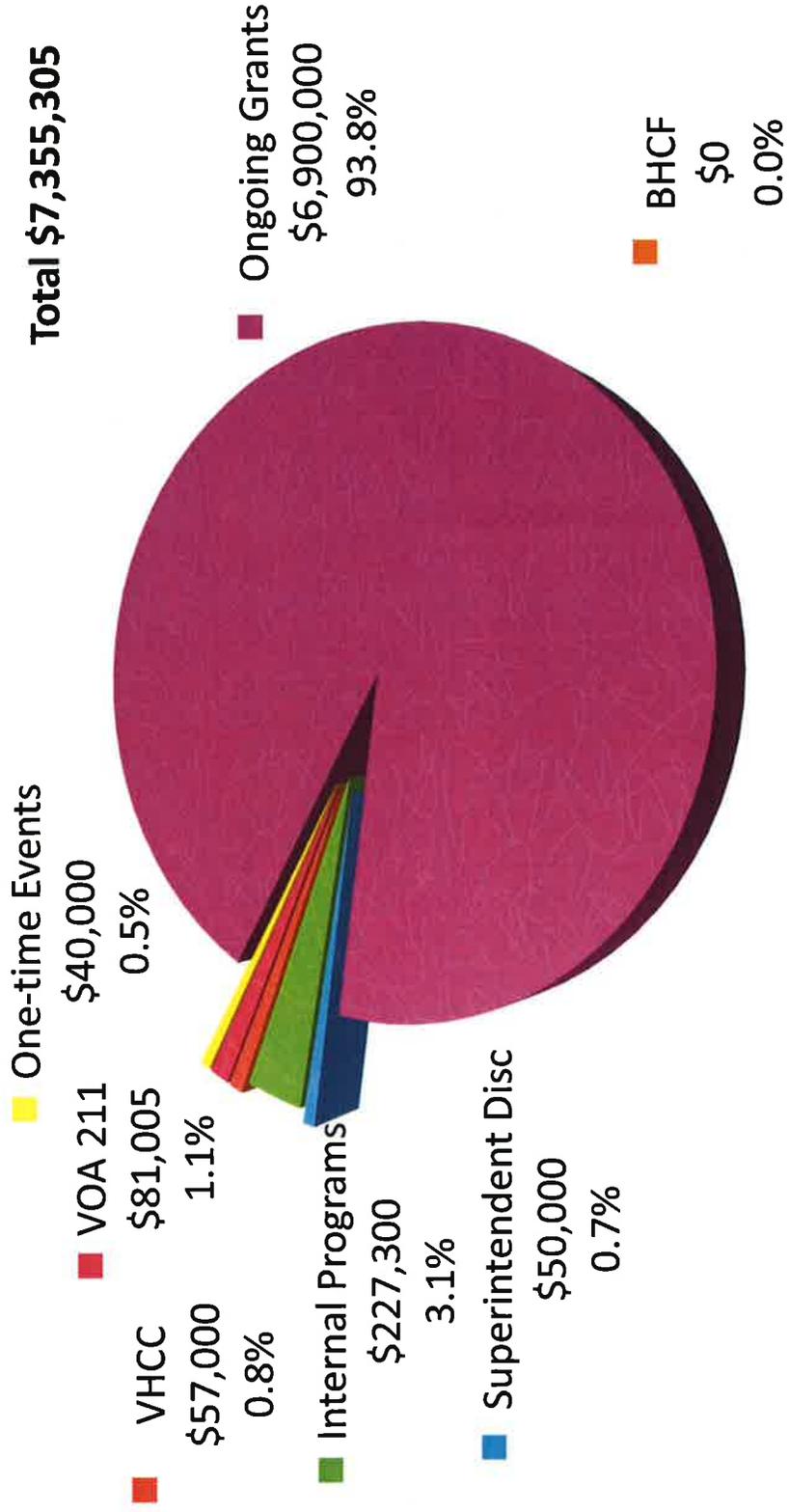
Verdant Only Expenses	2017 Estimate	2018 Budget	\$ Change
Salaries & Benefits	\$824,314	\$ 984,461	\$160,147
Professional Services	163,018	317,385	154,367
Interest Expense	105,450	80,163	(25,288)
Purchased Services	141,417	210,305	68,888
Utilities	35,200	35,270	70
Other Operating Expense	66,795	92,434	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



HEALTH COMMISSION

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

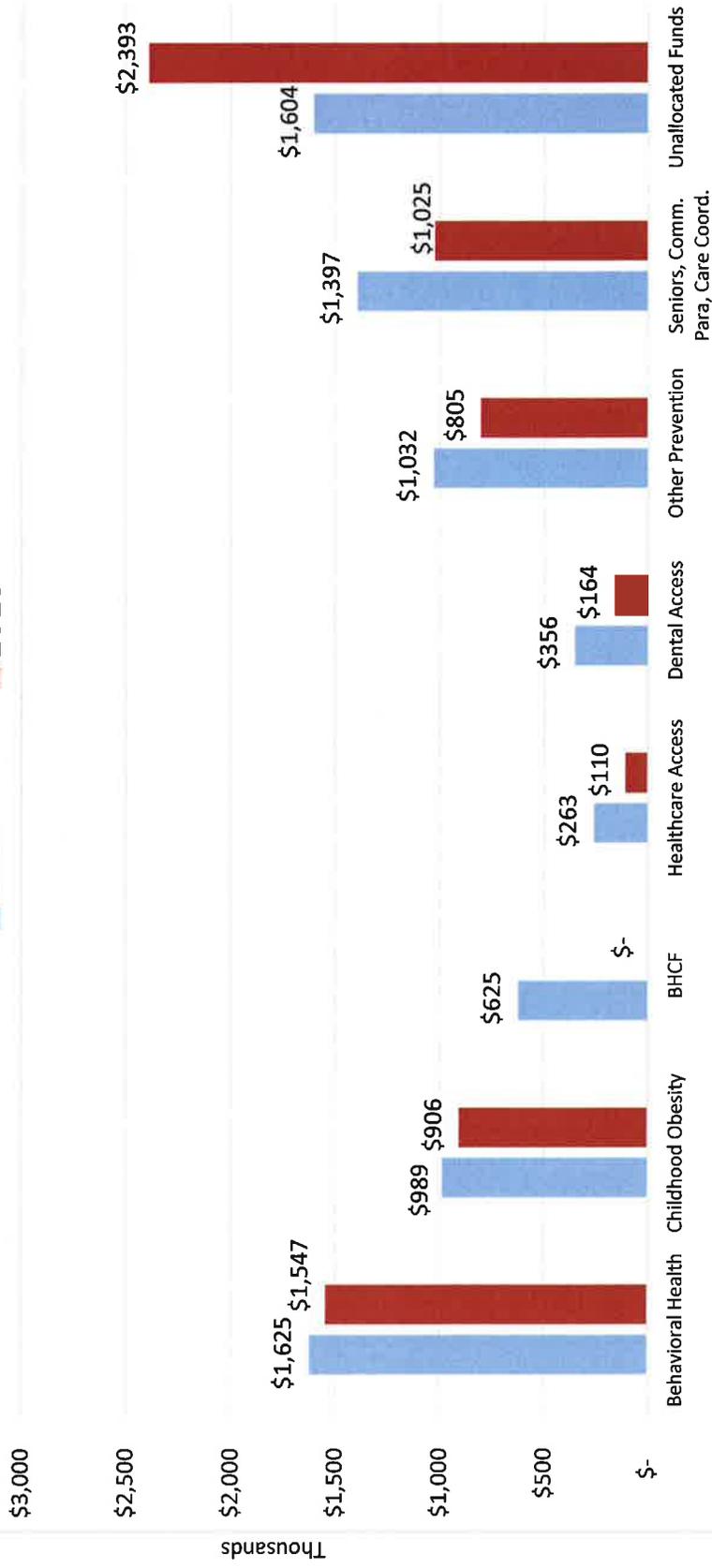


Verdant Health Commission Update
Building the Foundation for a Healthier Community

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



HEALTH COMMISSION

Verdant Health Commission Update
Building the Foundation for a Healthier Community

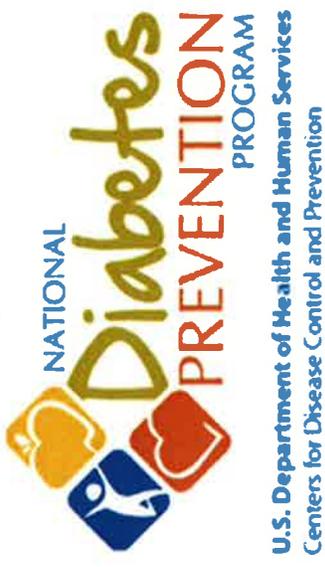
2018 "Internal" Program Highlights





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





Verdant Health Commission Update
Building the Foundation for a Healthier Community

2018 Multicultural Program Highlights

Actividades y gratis para 6:30-8 p
Nos Venes en el Parque

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

Meet Me at the Park



Disciplina Positiva

Viernes, Septiembre 22

Venga a aprender como el programa de "Disciplina Positiva" lo puede ayudar a alcanzar sus 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



HEALTH COMMISSION

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 dietician resource, stipend for community health worker leads
- Full time outreach position



HEALTH COMMISSION

Verdant Health Commission Update
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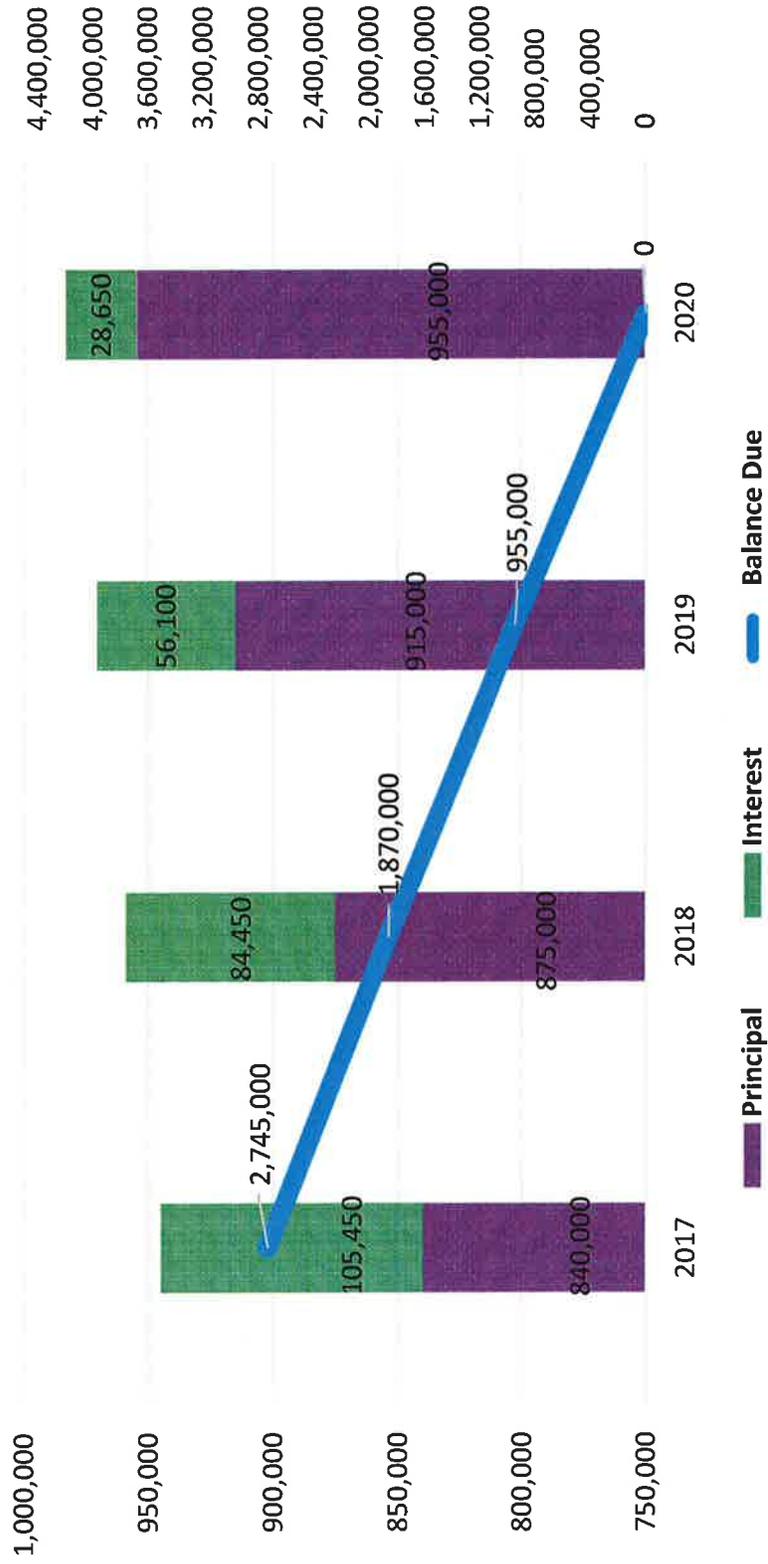
Debt Service and Reserve Balance





Verdant Health Commission Update
Building the Foundation for a Healthier Community

Debt Service on 2012 LTGO Bonds

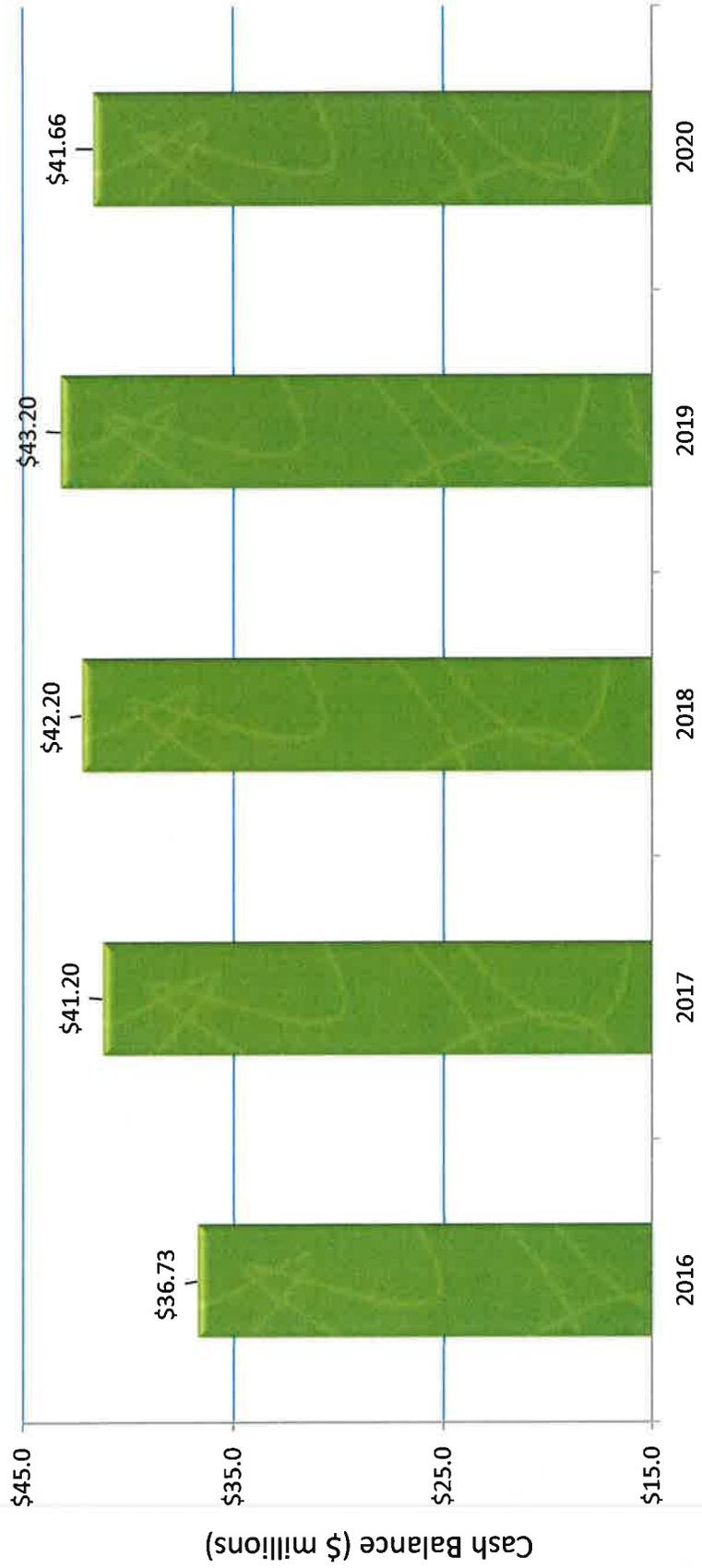




HEALTH COMMISSION

Verdant Health Commission Update
Building the Foundation for a Healthier Community

Reserve Investments





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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



HEALTH COMMISSION

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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