

San Juan County Public Hospital District #3
DbA: Orcas Island Health Care District
Board of Commissioners - REGULAR Meeting Minutes
Tuesday, November 13, 2018
3:00 pm – 5:00 pm
Orcas Island Library – Community Room

Commissioners Present:

Art Lange
Diane Boteler
Patricia Miller
Pegi Groundwater
Richard Fralick

Staff:

Superintendent Anne Presson

Commissioners Absent:

None

I. Call to Order

President Fralick called the meeting to order at 3:10 pm.

II. Public Comment

President Fralick asked for a show of hands as to how many guests were interested in presenting a public comment. At this point there were no hands raised.

III. Consent Agenda

President Fralick asked if there were any changes to the 11/06 Regular Board Minutes included in the Consent Agenda. Commissioner Boteler noted a change to correct a reference to OFHC as OFMC. Commissioner Groundwater had identified some minor edits that were not considered material changes. Superintendent Presson will make the changes that were identified before posting.

MOVED by Commissioner Groundwater, seconded by Commissioner Boteler to approve the 11/06 Regular Meeting Minutes with the requested changes in the Consent Agenda. VOTE 5:0:0. MOTION CARRIED.

IV. Committee & Work Group Reports

a. After-Hours Work Group:

Superintendent Presson is working with UW to get the small work group scheduled. As a reminder, Commissioners Boteler and Lange will represent the Board, while Dr. Jaffy and Mark Bresnick will represent UW. The Superintendent is also working with the Fire Chief to set a meeting date with OFHC for the purpose of reviewing after-hours communication protocols.

b. Building Insurance and Repairs

Commissioner Groundwater shared that she just received a quote for earthquake insurance through Liberty Mutual and hasn't yet had the time to review. **She will need to do further research to determine how the overall policy compares to Enduris, and, will bring her recommendation back to the next meeting.**

President Fralick addressed the need to understand the requirements for contracting as a public entity. Since it could take 8-10 weeks to go through the permitting process he would like to get started as soon as possible. Commissioner Groundwater was charged with researching the bidding process and bring to the Board in December. Commissioner Miller asked if the permit process could proceed in advance of selecting the contractor. **Discussion was held as to the most effective of approaching the permit process, and whether there was an advantage to having the contractor lead the process. It was decided the Board would revisit at the next meeting once they have a better understanding of the bid and contractor selection process.**

c. Contract Negotiations Committee:

Commissioner Miller noted there have been a few iterations of the OFHC CSA. In addition, as the document will be used as a template for the UWNC CSA, she asked the Board to identify any language that they felt UW would likely not agree to.

The current version has several modifications to the language in the staffing section. There were also changes around customer satisfaction metrics to make the goal more specific, and more details around what and how data will be tracked for after-hours calls. There was also agreement from OFHC to move IUDs to the basic set of skills. The issues around malpractice insurance were clarified and resolved to the Board's satisfaction. Finally, language specific to fundraising and donations was changed to support OFHC's ability to raise money for items they want to buy. It was important to make sure the PHD didn't incur the expense and not the associated revenue.

Commissioner Boteler asked how the money donated for uncompensated care is handled. Aimee responded that the language doesn't give OFHC the ability to raise money for unplanned things. She agreed to revisit this part of the contract in the next year. Hearing no further discussion, President Fralick asked for a motion to approve the CSA with OFHC.

MOVED by Commissioner Miller, seconded by Commissioner Lange to approve the Clinical Support Agreement with Orcas Family Health Center effective 10/1/18. VOTE 5:0:0. MOTION CARRIED.

Regarding the timing of the draft CSA for UWNC, Commissioner Miller will create a first draft after the Thanksgiving holiday for review at the next Board meeting. The document will be shared with the Board before being sent to the District's attorney.

d. Finance Committee

No Report.

V. Old Business

a. Draft Debt & Financial Management Policies

These draft policies were brought back to the Board for review after being initially shared at the November 6th meeting. Commissioner Groundwater indicated that the model document from the WA Public Treasurer's Association was used as the basis for creating the Financial Management Policy. The one area where language still needs to be developed is regarding the capital reserve policy.

There was discussion around San Juan County's approach to investing and crediting interest income. The District will need to make a formal request to invest funds and that will allow the interest to be credited as revenue the District's account. **Superintendent Presson will work with the County to put the proper procedures in place to ensure the District receives the interest income.**

The Financial Management Policy and Debt Policy will be brought back to the next Board meeting for consideration. Commissioners were asked to think about when a reserve ceiling should be met, as well as the goal to accumulate a certain level of reserve by the end of 2022. Commissioner Lange asked if there are benchmarks to help determine what's an appropriate reserve level. President Fralick suggested the Commissioners use the District's 5-year cash flow projects as a basis for funds needed to support future expenses.

Commissioners agreed this was a great starting point and the Board will want to give more thought to the reserve piece. **The Financial Management Policy also references other policies that the Board will want to get in place, and a schedule for adopting them will be factored into the 2019 Calendar.**

Superintendent Presson indicated that she will bring a 2018 Budget Revision request in December. Since the actual budget is turning out to have a significant variance from the adopted budget, the County Auditor recommended the Board make a formal adjustment before the end of the year. Superintendent Presson will ask Milene if this will require a public hearing. She will also connect with the Elections office to see how much other activity is slated for the November 2019 General election to reconfirm expected 2019 election expense.

VI. New Business

There was no new business to address.

VII. Operations Report

a. Monthly Financial Reports

Superintendent Presson shared the monthly financial reports received from San Juan County covering the period of October 1 through October 31st, 2018. In reviewing the Monthly Financial Statement by Fund the District has a balance of \$150,327 in the General Fund. Other items include the monthly salary and payroll taxes paid to the Superintendent, and other expenses that run through the AP Voucher Reports. For the month of October, the latter accounted for \$40,472.

The Debt Service Fund reflects the first draw from the General Obligation Bond (GO Bond) of \$416,359. Paid out of that was the Debt Issue cost to WA Fed of \$10,000. Commissioner Miller questioned how the Debt Service Fund's Ending Balance of \$216,359 was calculated. Superintendent Presson referred the Board to the Revenue Detail Report. She explained that the 2018 Budgeted Revenue was \$400,000, which was only the intergovernmental loan from San Juan County. The District has only taken half of the SJC loan (\$200,000) and when added to the GO Bond draw the total Actual Revenue is \$616,359. When comparing actual to budget the District has \$216,359 more than what was assumed when developing the 2018 Budget.

The Expenditure Status Report shows items paid in the month of October. It also shows year to date expenditures and provides a sense of how well expenditures are trending against budget. Superintendent Presson pointed out a few items that showed a large variance between actual and budget. One was Legal Services which was budgeted at \$20,000 and is just over \$27,000 based on recent invoices received. The category of Promotion and Advertising was budgeted at \$200 and is coming in over \$1,600 to-date. Much of what accounted for the variance had to do with posting for the Superintendent position and the cost to promote the Town Halls and Public Hearings. The insurance items show the first payment to Enduris for the partial year, as well as the annual renewal in September 2018. There was an expense of \$995 associated with the building inspection that wasn't in the original budget. The report is also showing the cost to purchase the clinic building and land of \$383,851, which also wasn't reflected in the initial 2018 budget. In summary, expenses through 10/31/18 total \$466,031 as compared to a budget of \$400,000. This led to a negative variance of \$66,031.

b. IT Grant

The contract associated with the IT Grant award was shared with the Commissioners. Superintendent Presson noted the amount granted was \$1,200 and asked for authorization to proceed.

MOVED by Commissioner Groundwater, seconded by Commissioner Miller to authorize Superintendent Presson to execute the IT Grant contract. VOTE 5:0:0. MOTION CARRIED.

c. Capturing Community Feedback

Superintendent Presson is looking at the best way to create a repository that captures timely feedback and experiences from the community. The goal would be to identify and address trends and not to help with individual issues. The Superintendent will continue to explore the most effective way to capture this information and asked that the Commissioners forward anything they receive directly. She also recommended Commissioners direct patients to the appropriate resources at each clinic. **The Superintendent will update the District website to include a section on Clinic contacts, including details on how the process works so patients know what to expect.**

d. 2019 Board Calendar

Superintendent Presson shared a first version of the 2019 Board meetings and activity calendar. This is a draft and she is asking for feedback on the format. A discussion was held as to the frequency of meetings, and there was consensus that meeting once every two weeks would be adequate. **The 2019 schedule will be set at the 12/18 meeting. It was also reported that the weekly UW meetings have been changed to monthly, and the next is set for 12/7.**

VIII. Public Comment

There were two members of the public interested in the final public comment period.

Rick Fant introduced himself and explained that he owns the Airport Center which makes him OFHC's landlord. While he identified himself as a supporter of the PHD he was concerned after reading material on the website that the PHD has become a landlord. He felt that charging UW a low rent is undermining the community's ability to maintain a viable business model since every other commercial building charges market rate. He also feels the rent subsidy needs to be factored into the UW subsidy, as they are getting an extra subsidy by not paying market rate rent.

Commissioner Lange responded that this was something the Board discussed at length. It was important to note that if market rate was charged it would be added to the Clinic's deficit. In turn, this would require the UW subsidy to be increased by that amount. In the end it became a wash. Commissioner Miller added that in the Board's review of this item they also compared the subsidy per visit for each clinic. In order to compare apples to apples, OFHC's rent was removed from the calculation. In the end, the Board confirmed that the subsidies were almost identical. **After continued discussion the Board agreed to revisit how this issue is reflected in the budget to ensure transparency and help the community understand how the UW rent issue is handled.**

Leif asked that the CSA with OFHC be posted on the District website.

Commissioner Miller brought up one final issue specific to the topic of OFHC and immunizations. Due to an issue with their refrigerator, which doesn't meet CDC standards, OFHC isn't able to administer childhood vaccinations. In order to do so, the CDC requires the freezer be separate from the refrigerator, and the refrigerator must maintain a consistent temperature. The OFHC's unit is combined and the temperature has diverged a few times, which has made it non-compliant. **Aimee Johnson will obtain a quote to determine the cost to purchase a lab grade refrigerator and freezer. UW was also asked to research how they are utilizing their new refrigerator to**

determine the feasibility of sharing. Aimee provided some additional background and shared that the Clinic has been referring families to the County Health Department. She felt that it might be problematic to share a refrigerator with UW. Commissioner Boteler would like to see the options explored further before moving forward with a new purchase. Superintendent Presson was also asked to explore the possibility of grant funding to support the purchase.

IX. Upcoming Meetings

A list of the upcoming meetings was included on the Agenda. President Fralick mentioned that the 11/20, 11/27 and 12/11 meetings will be cancelled. The Board will set the 2019 schedule at the last meeting in December.

X. Meeting adjournment

MOVED by Commissioner Groundwater, seconded by Commissioner Boteler to adjourn the meeting at 4:32 pm. VOTE 5:0:0. MOTION CARRIED.

Minutes approved this 4th day of Dec, 2018.



Attest: Anne L. Presson, OIHCD Superintendent