

Board of Commissioners Special Meeting
Wednesday, November 6, 2019
4:30 pm
Grace Church

1. OPENING ITEMS

Action, Procedural: A. Call to Order - LIHD Board Chair, Commissioner Presley, called the meeting to order at 4:30 pm. It was noted that four of the five Commissioner were present, with Commissioner Graville absent. Also in attendance was Superintendent Presson.

2. PUBLIC HEARING - LIHD 2020 BUDGET

a. 2020 Budget Presentation - Superintendent Presson presented the Revenue and Expenses on the LIHD 2020 Annual Budget (attached). She noted that the Board takes a conservative approach to Revenue and has only built in a 1% increase over the 2019 Budget. She went on to explain that the provider subsidies make up a majority of the Expense items, with the subsidy cap to the UW Clinic of \$547,056. There is an additional \$30,000 built into the Lopez Island PT subsidy for 2020, as was the consensus of the Board at their last meeting. Due to the favorable results of the last Accountability Audit with the State, the District is able to move to an every other year cycle. The line items for Legal and Independent Contractor Agreements were increased for 2020 in anticipation there could be higher costs as the District negotiates the next 3-year term with UW. Although a few of the Commissioners still have a salary waiver in effect the Budget includes an expense should all of them take their stipend in 2020. Otherwise, the District has done a good job of paying off their short term loans, and are currently paying off the long-term general obligation bond. The annual cost of debt service is \$30,692 or just under 3% as a percentage of total expenses. The budget includes a \$150,000 allocation to the Reserve Fund, leaving an Ending Cash amount of \$164,421.

b. Public Testimony - The Board Chair asked the public if anyone would like to provide feedback or ask questions on the 2020 Budget as presented. Members of the public present who also asked questions were: Shari Mariotti, Kenn Aufoerhar, Trevor Bryant and Karen Hattman.

There was a question about the Reserve Policy and Commissioner Berger provided a summary of the Policy and how having reserves not only provides protection against unforeseen circumstances, it also allows the Board to invest in other activities the community might want or need in the future. He also explained that the District is servicing the long-term debt. Finally, he said the community was left in a very vulnerable position when Island Hospital announced their intent to end their relationship with the Clinic. If anything were to happen with UW down the road, it's important for the District to have funds necessary for any transition.

There was also a question as to how funds from the CWMA and San Juan County loans were used. Superintendent Presson explained that when the District was formed in April 2017 it had to operate for a year without any revenue since Property Taxes wouldn't be received until April 2018. As such, the County provided a loan of \$200,000 to help get the District through that year. Once Property Tax revenue was received, the District paid the county back principal and accrued interest on April 30th and October 31st. The CWMA loan was used for the start up expenses with UW. Much of that had to do with the implementation of the electronic medical records (EMR) system and the transfer of information into the new system. The District was able to pay that loan off early with funds from the GO Bond.

There was a question around LIPT and how the practice is performing. Commissioner Presley shared that the practice delivered their annual report at the last Board meeting, and they have come a very long way. Following their presentation, there was consensus of the Board to continue support because of the needs of the Lopez population. She hopes the

Board will continue to do what we can to ensure their profitability and success. Finally, there was a question on UW's profitability and how well they are performing financially. Superintendent Presson explained that the Board does receive detailed quarterly financial reports to be able to stay apprised at how well UW is performing against budget. In their FY '19 the LIHD subsidy was well below the subsidy cap. While this was in larger part due to a reduction in patient visits, the Board recognizes that UW is not trying to maximize the budget to ensure they are paid the cap. This provides a lot of confidence in the budget process itself.

c. Commissioner Deliberation - there were a few clarifying questions and no changes to the budget document itself. In the 2020 budget document the Superintendent noted she will remove the line item for loans that have been paid off. Commissioner Campbell also asked that the Board consider adopting a target for Administrative Expenses. Superintendent Presson will ask the Auditor for a recommendation as to what is their recommended target as a percentage of overall expenses.

d. Budget Resolution 2019-01 - A Resolution to adopt the 2020 Budget was provided to the Board. This included specific allocations as follows:

- 6531 General Fund of \$1,072,050 which is the total revenue (property tax and beginning cash)
- 6532 Reserve Fund of \$150,000
- 6534 Debt Service Fund of \$30,862 which is the principal/interest payment on the GO Bond PLUS the Fiscal Agent Fee of \$170 associated with the Bond

MOTION by Commissioner Berger, seconded by Commissioner Orcutt to adopt Resolution 2019-01 a Resolution of the Board of Commissioners of the San Juan County Public Hospital District #3, Db a Lopez Island Hospital District, to approve and adopt the 2020 Budget. VOTE 4.0.0. MOTION CARRIED.

3. PUBLIC HEARING - LIHD 2020 LEVY

a. 2020 Levy Presentation - Superintendent Presson reviewed the Department of Revenue forms that set forth how much the County Assessor is to collect on behalf of the District. She explained that the Ordinance/Resolution form is showing the District's intent to take 1% over what was levied in 2019 (\$849,996.57), which equates to an additional \$8,499.97. This form is exclusive of any amounts associated with new construction or rebates. The second form, Levy Certification, does take into those other numbers. Since the County Assessor has estimated the preliminary new construction to equate to just over an additional \$11,000 in revenue the District is requesting a 2020 Regular Levy amount of \$870,000.

b. Public Testimony - The Board Chair asked the public if anyone would like to provide feedback or ask questions on the 2020 Levy documents as presented. There were no questions. Superintendent Presson did explain that as the total assessed value for all properties on Lopez increase by approximately 11%, the actual 2020 levy rate will be lower than the \$.75.

c. Commissioner Deliberation - The Board Chair asked any Commissioner had additional questions for Superintendent Presson. There were no questions.

d. Levy Certification

MOTION by Commissioner Orcutt, seconded by Commissioner Berger to adopt the 2020 Levy Certification for the San Juan County Public Hospital District #3, Db a Lopez Island Hospital District, to approve and adopt the 2020 Levy of \$870,000. VOTE 4.0.0. MOTION CARRIED.

e. Ordinance/Resolution 2019-02

MOTION by Commissioner Berger, seconded by Commissioner Campbell to adopt Resolution 2019-02 Ordinance/Resolution of the Board of Commissioners of the San Juan County Public Hospital District #3, Dba Lopez Island Hospital District, to approve and adopt the 2020 Levy to be 1% over the prior year exclusive of new construction or rebates. VOTE 4.0.0. MOTION CARRIED.

4. CLOSING ITEMS

A. Commissioner Comments - Commissioner Orcutt asked the guests if they feel they are getting what they pay for in their property taxes. There was a comment that the longer UW is here the more secure people will feel that they are committed to the community. People have made the adjustment and it seems that overall people are pleased. Another comment suggested there remains a lack of clarity around some things, specifically around the deposit requirement for people without insurance. It used to be there was a cash discount yet it appears that doesn't exist anymore, and people are required to pay an amount higher than the visit and wait for reimbursement. This is something that will be looked into further as it was the Board's understanding this was no longer the practice. Finally, there remains a perception that the clinic isn't doing as many services as in the past, and access can be a challenge.

Commissioner Campbell encouraged the guests to provide feedback to the Clinic Manager. If they or anyone they know of has questions, concerns or feedback it's important they express those to the Clinic Manager so she has a chance to resolve. We need people to utilize the clinic so if there are barriers it's important to be aware so they can be removed. The clinic truly wants to be of service to the entire community.

B. Upcoming Meetings and Key Activities - a list of upcoming meetings was included on the Agenda.

C. Meeting Adjournment - the Board Chair, Commissioner Presley, adjourned the meeting at 5:41 pm.