

**San Juan County Public Hospital District #3**  
**Db: Orcas Island Health Care District**  
Board of Commissioners - REGULAR Meeting Minutes  
Orcas Island Fire & Rescue – Eastsound Firehall  
Tuesday, December 18, 2018  
4:00 – 6:00 pm

**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 4:00 pm.

**II. Public Comment**

President Fralick asked for a show of hands as to how many guests were interested in presenting a public comment. Bob Thomas had three points for consideration as it pertains to physicians. The first being the need for physicians to live on Orcas so they are available to treat Orcas residents. The second is to stress a focus on primary care physicians as opposed to specialty care, and the last is the need for physicians to be hired by one of the two existing clinics. Like the Board, Bob agrees it would be nice to have one big clinic yet understands that might not happen for a while if at all. He asked for clarification of the Board's role as it pertains to the hiring of providers. His understanding is that the Board's role is to advise and consent to the hiring decisions made by the two clinics. President Fralick clarified that the Board is not in a position to advise and consent, and that the Clinics make all hiring decisions. The one position that the Board has asked to see qualifications on is the Medical Director; however, even in that case the Clinics maintain sole responsibility for all hiring. The contract negotiated with OFHC has language that the hiring decisions are left up to the Clinic, and similar language is in the draft contract being negotiated with UW.

Aaimee Johnson also asked to participate in the public comments. She reported that OFHC received their first PHD grant check last week and wanted to express her appreciation to the Board and Community for voting in the PHD.

**III. Consent Agenda**

President Fralick asked if there were any changes to the 12/4 Regular Board Meeting Minutes or the AP Voucher report dated 12/15. Superintendent Presson noted that there were four minor grammatical changes to the minutes as pointed out by Commissioner Miller. They will be corrected before the minutes are posted.

**MOVED by Commissioner Groundwater, seconded by Commissioner Miller to approve the Consent Agenda.  
VOTE 5:0:0. MOTION CARRIED.**

#### IV. Committee & Work Group Reports

##### a. After-Hours Work Group:

Commissioners Lange and Boteler provided an update on the Work Group's activities since the last Board meeting. At that time, the next step was to get UW's response to Art and Diane's revised meeting summary. Commissioner Lange received UW's reply right before this meeting and sent it to the Board. He noted there were only a few minor edits from the version shared at the last Board meeting.

The next step is to have the Board indicate their agreement with the document. From there, Matt and Mark will submit to the folks above and below them for approval and discussion. The document will become the basis for the discussion with the providers.

Commissioner Boteler stressed that coming in after-hours is something the Board wants to set as an expectation, and that the negotiations with providers should be framed that way. She asked Commissioner Lange for his understanding of the status of the mini-reg that Mark refers to in the summary. Mark indicated that it's been figured out yet it's unclear if that means it is being implemented. Commissioner Lange agreed that it's not clear although feels it's likely not in place until it is approved by UW leadership. This is another area that Commissioner Boteler feels is critically important and stressed that UW must be willing to see everyone.

President Fralick would like the Board to make a motion or by consensus provide direction so Art and Diane can go back and say the Board has signed off on the document.

**By consensus the Board agrees that the summary shared by the Work Group reflects their desire for after-hours care. The Board would like UW to run the summary up and down the flagpole to get feedback from management and the providers and do so as quickly as possible.**

Superintendent Presson confirmed that Matt and Mark will both be on Orcas January 28<sup>th</sup>. She has asked that they dedicate time to meet with the After-Hours Work Group and possibly other members of the Board. Commissioners Boteler and Lange felt it would be too long to wait until that point to have further discussion, and they've asked UW to continue conversations. It is their hope that Matt will talk with the providers much sooner.

Commissioner Miller asked if UW has started tracking after-hours data since the summary states they would begin capturing data as of 11/1/18. Commissioner Lange confirmed the data is being collected although hasn't been shared to-date, and the data that wasn't accurate was the data Darren previously collected. Commissioner Miller would like to see something added to the summary that stipulates the frequency of reporting on this data. After discussion, it was decided the summary will be modified to request that after-hours data be reported monthly. Since the Board is still trying to figure out what's going to work, it's important to see timely data to determine how we are progressing.

Finally, President Fralick reminded the Board that the next UW Conference call is scheduled for January 4<sup>th</sup>. This is the call that was previously happening weekly and will be moving to the first Friday of the month going forward. The calls include Debra Gussin, Darren Layman, and Lindsey from UW Finance. President Fralick asked the Commissioners to let him know if anyone has something they would like to include on that agenda.

**b. Building Insurance and Repairs**

Commissioner Groundwater brought back the discussion around the building property insurance coverage. The items that the Board wanted additional time to consider were around the total insured value and whether to add earthquake and/or all hazard insurance. On the topic of total insured value, it was clarified that the \$3 million replacement value is sufficient coverage based on the correct square footage being just under 6,000 and expected construction costs in the range of \$450/square foot.

Discussion continued around the need, coverage limits and associated cost to add earthquake insurance to the existing policy with Liberty Mutual that is provided via Rice Insurance versus the Enduris pool. Concerns expressed with Enduris centered around their \$10 million aggregate limit for all policyholders. Commissioners felt this limitation could result in limited coverage should a large-scale earthquake hit the State. There was agreement on the need to purchase earthquake coverage and feel comfortable that the full benefit would be available. As such, Commissioners felt staying with Rice and adding the coverage through Lloyds of London appeared to be the best option.

**MOVED by Commissioner Miller, seconded by Commissioner Groundwater to move forward with Rice and have them add earthquake coverage to the existing property policy. VOTE 5:0:0. MOTION CARRIED.**

President Fralick asked Superintendent Presson to explain why the Board was being asked to act on a Procurement Policy. She reminded the Board that action was taken at the last meeting to sign up with the MRSC Rosters. When she contacted the MRSC the first week in December she learned that there are only two opportunities to join the Rosters per year. The December 1<sup>st</sup> deadline passed, and the next opportunity would be May 1<sup>st</sup>. Knowing that the Board needed to move forward with several large-scale repair projects, Superintendent Presson was able to work with the MRSC Rosters Manager to be granted an exception. In doing so, she needed to sign the MRSC Rosters contract and subsequently have the Board pass a Resolution.

Commissioner Groundwater explained that the Procurement Policy will become part of the Resolution and includes the language MRSC requires. Her preference is to take this approach so it's easier to modify in the future, if necessary.

Commissioner Groundwater walked the Board through the draft Procurement Policy and addressed questions raised by the Commissioners. These included questions around supplies versus materials, the process for repairs versus maintenance, and exceptions to prevailing wage. President Fralick asked for a motion to approve the Procurement Policy subject to the changes discussed.

**MOVED by Commissioner Miller, seconded by Commissioner Groundwater to approve the Procurement Policy with discussed changes. VOTE 5:0:0. MOTION CARRIED.**

The action on the Procurement Policy set the stage for adopting the Resolution as part of the condition for joining the Rosters. Commissioner Groundwater indicated that she modified the model policy that MRSC provided to account for the fact that the contract had already been signed. Commissioner Groundwater addressed questions specific to whether the District would be required to utilize the vendor list and explained that the use of the vendor list is permitted but not obligatory, meaning its use is not required by a PHD.

**MOVED by Commissioner Miller, seconded by Commissioner Groundwater to adopt Resolution 2018-24 to adopt the MRSC's small public works roster for awarding public works contracts. VOTE 5:0:0. MOTION CARRIED.**

Finally, Commissioner Groundwater noted that there is no additional action that needs to be taken on the MRSC contract. It was signed following Board approval of joining the program, and Resolution 2018-24 ratifies the signature. It was provided to the Board for information only.

**c. Contract Negotiations Committee**

Commissioner Miller shared that the UW CSA was sent directly to Debra Gussin and Darren Layman today. She explained that the District is trying to limit the attorney time as much as possible in order to minimize costs, and she provided them with the Board's meeting schedule for January.

There were a few minor changes from the OFHC CSA, one being use of the term "support" versus "grant" as it relates to payments. The timing of the payment is different since UW is paid in arrears and OFHC is paid in advance. The contract term is the same and runs through the end of 2019. The area that could produce push back has to do with the amount listed for support payments. **The CSA doesn't include language specific to equipment since that was included in the UW lease agreement; however, it's likely that language will need to be revisited. There is currently only reference to approval of single repairs over \$5,000 and no overcall cap on repairs. Commissioner Groundwater noted that the arbitration language was also changed to reflect an approach that is faster and cheaper, and it's something the Board will likely want to revisit in the OFHC CSA.**

The next step will be for UW's lawyer to respond back to the District's attorney, who has been instructed to simply forward their reply to the Board.

**d. Finance Committee**

Superintendent Presson spoke with the State Auditor's office and confirmed there is no requirement that the District amend their 2018 Budget since it was the first year of the District and it's reasonable that expenses could come in significantly higher than expected.

Commissioner Miller shared that the Superintendent will be initiating the second draw with the County a little earlier than expected. President Fralick commented that this could result in the need to amend the 2019 budget, and he'd like to look at that sooner rather than later in the year. Superintendent Presson will also be initiating another GO Bond draw in the coming weeks to true up costs associated with the building purchase. It's important to make sure funds associated with the San Juan County loan are applied to operating expenses and all costs associated with capital expenditures come from the GO Bond.

**e. Communications Committee**

The Committee met and reviewed some of the topics that have been surfaced by the community, or areas where it's apparent additional education would be helpful. Superintendent Presson sent out a survey monkey asking Commissioners to confirm these are the right topics and provide feedback on the timing and method for communication. To-date three of the five Commissioners have provided feedback. **Once everyone has responded she'll send results to the Board along with a summary of the Communications Committee meeting.**

**V. Old Business**

Due to time constraints, discussion of the Debt and Financial Management policies was tabled and will be revisited if time permits at the end of the meeting.

**VI. New Business**

The proposed 2019 meetings schedule was included in the packet. The schedule assumes the frequency of meetings will be reduced to twice a month, on the 1<sup>st</sup> and 3<sup>rd</sup> Tuesdays. The only variation is in January due to the holiday.

Hearing no concern with the proposal, President Fralick explained Resolution 2018-25, which was added to the Agenda, formalizes the process to change the meeting frequency with no change to the time and place. Superintendent Presson did mention she just found out there could be a conflict with the Firehall on 1/22. She'll check with OIFR and report back at the 1/8 meeting.

**MOVED by Commissioner Boteler, seconded by Commissioner Groundwater to adopt Resolution 2018-25 changing the meeting frequency from weekly to twice a month. The meeting time and place remain unchanged. VOTE 5:0:0. MOTION CARRIED.**

## **VII. Operations Report**

**Financial Reports** - Superintendent Presson reviewed the financial reports generated by San Juan County's financial management system. The reports cover the period November 1<sup>st</sup> through November 30<sup>th</sup>. They provide a summary to reflect revenue collected and expenses paid during that time, as well as year-to-date.

Other than salary and associated payroll taxes, the bulk of the total expense in November is associated with the monthly legal invoice. While the General Fund balance was just over \$131,000 as of 11/30/18, Superintendent Presson explained that there have been three large AP Vouchers approved since that time which will largely eat up the entire balance. They include payments for October and November legal work as well as the \$82,307 quarterly grant payment to OFHC. Therefore, she is pursuing an earlier draw of the balance of the San Juan County loan. **Once she has reports through the end of the year she will bring back a summary of how things ended up.**

Commissioner Miller asked if there's anything that needs to be done prior to April regarding property taxes. **Superintendent Presson will connect with Milene at the County as well as Kevin Walstrom from OMF. There are several financial items that were being wrapped up following the close of the building sale as it relates to OMF. These include the B&O tax, return of any prepaid property tax, and the leasehold tax issue. Commissioner Lange indicated that he had just spoken to the person handling the B&O tax issue and there was still no word. The Superintendent will follow up again after the first of the year.**

Finally, Superintendent Presson reminded the Board that the District Office lease is up March 1<sup>st</sup>. Windermere is willing to renew at the same rate but will require a one-year lease. **She has a lead on a possibly alternate space and will bring this back for discussion in January.**

**Board Calendar** – Superintendent Presson walked the Board through the updated 2019 Calendar. The document is meant to track various reporting and payment deadlines, as well as indicate when specific activities (e.g. policy reviews) will take place. It's meant to be a planning tool and hopes the Commissioners find it useful. She welcomes feedback/suggestions from the Commissioners.

Commissioner Miller asked about the timing for OFHC to begin reporting on Quality. This is something that still needs to be worked out as they have yet to choose a vendor. **The Superintendent will get a timeline as to when the Clinic thinks they will decide on a vendor and be able to start reporting. Commissioner Lange asked that the Rural Health Conference happening in March be added. It sounded like something that is more aligned with the participants and speakers. He also asked for clarification on the January item for SJC to review their CHNA process. Finally, the Commissioners confirmed that the Board performance review was ultimately removed from the Bylaws so should be taken off, and the actual filing dates for the Commissioner seat up for election in 2019 will be confirmed.**

President Fralick suggested that the Board schedule routine policy reviews to keep adopted policies current. Commissioner Groundwater felt that aligning reviews when the legislature is meeting makes sense and will ensure that any changes to law be incorporated into the policies. It might also make sense to have a routine review of the Bylaws as there are a few things that have changed. **The Bylaws require the annual election of Board Officers and there was agreement to bring this back in January and determine if elections should be moved to a January cycle.**

**Clinic Updates** – Superintendent Presson was expecting an operations report from UW that didn't arrive in time for the Board meeting. She will send out as soon as received. She did share some updates from the 12/7/18 EMS/UW meeting. Progress was made on improving communication during and after-hours. Dr. Sullivan also drafted protocols for patient handoffs, which both sides were supportive of and will be discussed again at the next meeting. The group agreed to continue meeting through June 2019.

OFHC has ordered the new refrigerator and freezer after receiving positive feedback from the Department of Health. The shipping costs ended up being \$75 so the total cost came in just under the \$3,000 amount that the Board approved. **Once the refrigerator is in the clinic it would be a good idea to prepare a communication since this has been such an emotional issue and will be well received by the community.**

#### **VIII. Public Comment**

Leif asked what level of access EMS has to patient records. Chief Williams explained that they don't have access to records and that is part of the need to work closely with UW.

#### **IX. Old Business**

As time allowed, President Fralick asked the Board to revisit the Debt Policy that has been shared at the last three meetings. After reviewing some of the questions raised, President Fralick asked for a motion to approve the Debt Policy with the changes discussed.

**MOVED by Commissioner Miller, seconded by Commissioner Boteler to approve the Debt Policy with changes discussed. VOTE 5:0:0. MOTION CARRIED**

Commissioner Groundwater addressed several questions regarding the draft Financial Management Policy. Most of the discussion centered around the issue of reserves, and if there was a need to establish a capital reserve fund and a separate general reserve fund. President Fralick expressed his preference for two funds, as that approach allows the Board to be more targeted in planning for specific capital items. Commissioner Lange asked about any limitations that might exist when earmarking funds, and if funds could easily be moved from one reserve fund to another. **Since there were still significant questions, this Policy will be brought back for further discussion. Superintendent Presson will also talk with the County to learn more about the different uses and restrictions associated with various types of reserve funds.**

#### **X. Upcoming Meetings**

The next meeting of the Board will be held on January 8<sup>th</sup>. President Fralick asked the Commissioners to take a moment to reflect on where they were a year ago and where they were in May of this year. He commended the Board for the how much ground they've covered and gave the Board a well-deserved pat on the back for how far they've come. He wished everyone a happy New Year before adjourning.

**XI. Meeting adjournment**

**MOVED by Commissioner Groundwater, seconded by Commissioner Miller to adjourn the meeting at 6:00 pm.  
VOTE 5:0:0. MOTION CARRIED.**

Minutes approved this \_\_\_\_ day of \_\_\_\_\_, 2018.

---

**Attest: Patricia Miller, OIHCD Board Secretary**