

**Orcas Island Health Care District**  
**Board of Commissioners - REGULAR Meeting Minutes**  
**REMOTE BOARD MEETING**  
**Tuesday, November 3, 2020**  
**5:00 – 7:00 pm**

**Commissioners Present (via Zoom):**

Art Lange  
Diane Boteler (arrived 5:35pm)  
Patricia Miller, Secretary  
Pegi Groundwater  
Richard Fralick. President

**Staff (via Zoom):**

Anne Presson, Superintendent  
Melissa Mahar. Admin

**Commissioners Absent:**

Diane Boteler (arrived 5:35pm, at the end of the Levy Hearing)

**I. Call to Order**

President Fralick called the 25<sup>th</sup> meeting of 2020 of the OIHCD to order at 5:02 pm, noting that 4 of the 5 Commissioners were present, as well as the District's Superintendent. Comm. Boteler was still at work.

He opened the Public Hearing for the purpose of presenting, discussing and approving the SJCPHD #3 2021 Budget. He introduced Superintendent Presson and turned the meeting over to her to walk through the 2021 Budget materials.

**II. Public Hearings**

**a. SJCPHD #3 2021 Budget**

**i. Superintendent Presentation of 2021 Proposed Budget**

The Superintendent began with the 2021 Budget document, which contains information on actual 2020 YTD as of 10/1/20, as well as the 2020 and 2021 Budgets. She referenced the Property Tax Revenue line and commented that it is the source of the bulk of the Revenue. When including the estimated Levy increase and the new construction estimate, per the Assessor's Preliminary Report, the District expects to collect just over \$1.7 million in Revenue, not including Beginning Cash. Additional small sources of income will include the Medicare Incentive Program, Leasehold Tax, and a one-time Estate Donation, resulting in total expected revenues of just over \$1.9 million.

Superintendent Presson then focused on the District Expenses, noting that the largest category of Expense continues to be provider subsidies. As of March 2021, the presence of two clinics will be consolidated into one. Payments to the new provider, Island Hospital (IH) will be prorated for 10 months, and paid in July and January, so there will only be one payment to them in 2021 (\$425,833). With the closure of the contract with UW Medicine (UW) anticipated for the end of April, and with their fiscal year beginning in July, that subsidy amount is also prorated for 10 months (\$604,167). Historically we have paid an After-Hours Incentive, but with the new IH contract beginning in March – which includes After-Hours care – that Incentive will only continue to Orcas Family Health Center for January and February of 2021.

The Superintendent pointed out the other Expense items that were budgeted higher for 2021. This included higher costs for the State Audit because it will cover a two-year period, rather than just one. The line item for Independent Contractor Agreements remains the same as the Budget for

2020, primarily to support with the clinic transition. The budget for Promotion & Advertising was increased slightly from 2020, to \$3,500 to support the need for increased communication with the community regarding the clinic transition.

The staff and payroll taxes include the Superintendent's salary, which was increased 5% in base salary plus the possibility of a \$10,000 incentive bonus for reaching certain milestones. The Commissioners continue to waive their statutory authorized salary per meeting. There is a newly hired additional staff member, working not to exceed 40 hours per month. The residual expense items in this category pertain mostly to statutory payroll taxes, and the operation of the District Office including rent, telephone/internet, and conferences/travel. The District may need to move its office in the end of 2021, but for now these amounts remains the same as 2020. Regarding insurance for the clinic building, as well as the Board and Officers, we typically see a 2-3% annual increase in those premiums, so that is forecast here.

The section on Building Expenses includes almost \$90,000 for General Maintenance & Repair, which will go toward a handful of anticipated projects still needed in 2021, such as exterior painting, and the replacement of the generator and some windows. Equipment Maintenance and Landscaping remain unchanged. Regarding some miscellaneous costs, most items such as bank service charges and Association dues remain unchanged, as does \$12,000 for Miscellaneous Administration which could be used for any expense incurred if there is an office relocation. There is also a line item for \$5,000 to cover costs to fill two Board seats that are up for election in 2021.

The section on Bond/Notes/Intergov't Loans reflects the interest payments of \$24,351 on the District's General Obligation (GO) Bond plus a \$125,000 principle payment, based on the revised amortization schedule following the recent final draw. We anticipate that the costs in the final section for Clinic Equipment will total just over \$60,000, primarily for the purchase of Clinic equipment that has reached the end of its life and needs to be replaced. Some examples include the remaining cost of purchasing a new x-ray machine – after applying funds from a generous donation - and associated electrical and installation costs.

Finally, the last page in the document shows Total Income versus Total Expenses. The difference between the two is called the Ending Cash. The District's Financial Management Policy stipulates an annual contribution to the Reserve Fund of \$100,000, and an additional \$200,000 to reserves when the Nell Brown Trust funds are received. Once that is deducted, the final Ending Cash number is set. This becomes the Beginning Cash figure for the 2022 Budget year.

When Superintendent Presson ended her presentation, President Fralick asked the Commissioners if they had any questions. Comm. Miller inquired about the 2-month overlap in subsidies to cover 2 clinics, and Superintendent Presson acknowledged that this budget represents the most conservative approach, pending an actual timeline. Pres. Fralick replied that timeline discussions just began, and more details will be reported back to the Board. Meetings with IH & UW will be held every two weeks. Further discussion deferred.

At the prompting of a question from Comm. Miller to clarify the exact tax revenues expected, Supt. Presson offered to follow-up when the next report comes out Monday, but stated that as of the last report the numbers were on target. She also offered to do a recap of how well the property tax receipts align with budgeted revenue and the validity of the 4% discount for uncollected funds.

ii. **Public Testimony**

There was no Public testimony submitted upon invitation by President Fralick. He closed the Public Testimony reserving the right to re-open.

iii. **Commissioner Deliberation**

There was no deliberation from the Commissioners, so President Fralick entertained a motion to approve the SJCPHD #3 Budget Resolution 2020-03.

iv. **SJCPHD#3 Budget Resolution 2020-03**

President Fralick entertained a motion to approve the Budget Resolution 2020-03.

**MOVED by Comm. Groundwater, seconded by Comm. Lange to adopt Budget Resolution 2020-03, a Resolution of the Board of Commissioners of the San Juan County Public Hospital District No. 3, Dba Orcas Island Health Care District, to approve and adopt the 2021 Levy as presented. Comm. VOTE 4:0:0. MOTION CARRIED.**

The first Public Hearing was closed.

b. **SJCPHD#3 2021 Levy**

President Fralick opened the second Public Hearing for the purpose of presenting and discussing the SJCPHD #3 2021 Levy. Once again, he noted for the record those Commissioners present and that Commissioner Boteler was still at work. He also noted Superintendent Presson was present. He explained this item would follow the same procedures as the Budget hearing, and turned the meeting over to the Superintendent.

i. **Superintendent Presentation of 2021 Levy**

Superintendent Presson reviewed the DOR Resolution 2020-04. She explained that this document notifies the Assessor that the District is choosing to take the allowable 1% increase based on the levy amount from the previous year. After adding the additional \$18,132.96 (*1% of what could have been taken in 2020 – highest lawful levy includes Banked Capacity*) and adding the amount for new construction of just over \$27,000, the proposed 2021 levy is \$1.8 million. Given the county's Total Assessed Value for prior year was a 3% increase over the previous year, and this Levy amount is 3% over the previous year also, it's expected that the District's tax rate will remain at 0.65/\$1,000 of assessed value. All Commissioners would need to sign this DOR Resolution form.

DOR Levy Certification form. Supt. Presson explained that this form establishes the amount that the Assessor's office will levy on the District's behalf in 2021, subject to any limits. Only President Fralick would need to sign that form.

President Fralick asked the Commissioners if they had any questions about the Levy Certification form. There were no questions. Commissioner Boteler arrived online at 5:35pm.

ii. **Public Testimony**

President Fralick opened the meeting to Public Testimony. Hearing none, he closed the Public Testimony, and re-opened to the Commissioners for additional questions before deliberations.

iii. **Commissioner Deliberation**

There were no questions or deliberations by the Commissioners.

iv. **DOR Ordinance/Resolution 2020-04**

President Fralick entertained a motion to approve the DOR Resolution 2020-04.

**MOVED by Comm. Groundwater, seconded by Comm. Boteler to adopt Resolution 2020-04 as presented. Discussion – Comm. Miller requested that once through the clinic transition, could the Board assess the opportunity to either reduce the levy or not take the 1%. Comm. Groundwater and Lange agreed. VOTE 5:0:0. MOTION CARRIED.**

v. **DOR Levy Certification**

President Fralick entertained a motion to authorize the President to sign the Levy Certification form.

**MOVED by Comm. Groundwater, seconded by Comm. Lange to authorize Pres. Fralick to sign the Certification document. VOTE 5:0:0. MOTION CARRIED.**

The second Public Hearing was closed, and the Board resumed the Regular Meeting.

III. **Public Comment**

Supt. Presson reported there were no Public Comments received via email prior to the meeting, and Pres. Fralick invited live public comment, without reply.

IV. **Consent Agenda**

a. **Regular Board Meeting Minutes** – October 6<sup>th</sup> and 20<sup>th</sup>

Comm. Miller commented on presence of residual typos in 10/6 Minutes, and Supt. Presson acknowledged edits received and made by Comm's. Groundwater and Boteler also. Will be updated before posting.

b. **Special Board Meeting Minutes** – October 15<sup>th</sup>

c. **AP Voucher Report** – October 23, 2020- \$498,139.95

Comm. Miller queried whether there is a maximum value of AP voucher for a Committee to approve without additional Board action. Pres. Fralick requested to make a note for future discussion of this to set a limit.

**MOVED by Comm. Groundwater, seconded by Comm. Boteler to approve the amended Minutes and AP voucher report. No further discussion. VOTE 5:0:0. MOTION CARRIED.**

V. **Committee and Work Group Reports**

a. **Negotiations Committee**

i. **Lease Agreement with Island Hospital**

Comm. Groundwater reported that our attorney Katherine Deets is waiting to hear back from Attorney Don Black for final review, then will bring back to Board for approval of any changes and signatures. Comm. Miller initiated discussion of contract clause to reserve the right of OIHCD to use the space not being used by IH. Comm. Groundwater to modify clause, and Supt. Presson to investigate with IH what the original objection was.

ii. Implementation Milestones and Timeline

Comm. Lange commented that Laura, Director of Marketing & Community Engagement initiated good questions about how to best communicate. Supt. Presson will have a draft of IH's Plan by end of this week, and will provide feedback then forward to the Board. She will also follow-up with Patty Codd with project/implementation plan with milestones and dates. She reported that Mark and Matt will join monthly Ops Call (2nd Fri). Supt. Presson also announced that UW prefers to leave most of the clinic equipment, which Comm. Lange agreed would be beneficial.

iii. Island Hospital Foundation – Board Seat

Discussion centered around whether seat would be best filled by Community Member or OIHCD Board Member. Further discussion and decision tabled until next meeting.

**b. Building Committee**

i. HVAC – updated project/costs

ii. Roof – updated project/costs

Pres. Fralick shared update that both projects are winding down, and everything is operational. Also commented about need to freshen up some dings during future painting. Additional invoice submitted for \$22,056.57, and Comm. Groundwater to connect with Anne to flesh out more detail on the insulation removal and coordination time charges. Staining of fascia done at no additional cost – Terra Firma absorbed those costs. Gutter cost negotiated with Esary, who agreed to split the \$17,000. Full details will be brought back to the Board before requesting payment approval. Gutters to be installed week of 11/23. Pres. Fralick alerted Board that he will move forward with new battery (\$200) for the generator. Some ballasts in Clinic need to be replaced, and Pres. Fralick is researching who can perform that work. Comm. Miller suggested that Building Committee contact Sustainable Connections regarding low-energy replacement of bulbs/ballasts with LED.

Supt. Presson will draft letters to all three contractors to personally thank them for their services, and a 4<sup>th</sup> letter to staff at the Clinic to thank them for their patience.

**c. Communication Committee**

i. Communication Plan during Clinic transition

Committee is working with IH to develop a plan and bring it forward to next Board meeting on 11/17.

**d. Finance Committee**

Comm. Miller suggested checking in with OFHC around wind-down costs, incl x-ray machine decommissioning costs. Supt. Presson to follow up with Amy at OFHC re: their CARES and PPP funding before next Board meeting on 11/17.

**e. Other Committee-related Business**

Comm. Lange agreed to do trial of joining bi-weekly meetings with Pres. Fralick, Supt. Presson, and the UW/IH Transition Coordination Teams. Regarding legal issues, Anne will confirm with UW that

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Don will represent the District as legal counsel around the wind-down details. Legal Committee will revisit the attorney list compiled by Art for future reference.

**VI. Old Business**

There was no Old Business to revisit at this time.

**VII. New Business**

There was no New Business presented at this time.

**VIII. Operations Report**

**a. HRSA Planning Grant - Long-Term Network**

Supt. Presson reported that Lopez did receive the HRSA funds for the year-long grant, and there will be a meeting 11/4 for more details. She also reported that Admin Asst Melissa will begin working on the inventory of Clinic equipment and organize RFP's for the building maintenance needs next year.

**IX. Public Comment**

There were no Public Comments submitted at this time.

**X. Upcoming Meetings**

**a. Regular Meetings for remainder of 2020:**

- November 17<sup>th</sup>
- December 1<sup>st</sup>
- December 15<sup>th</sup>

**XI. Meeting Adjournment**

**MOVED by Comm. Groundwater seconded by Comm. Boteler to adjourn the meeting at 6:37 pm. VOTE 5:0:0. MOTION CARRIED.**

Minutes approved this \_\_\_\_ day of \_\_\_\_\_, 2020.

DocuSigned by:  
  
 4D7623BD7620417

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

12/9/2020

**Date signed**