

**BOARD OF COMMISSIONERS – SPECIAL (BUDGET) MEETING
PUBLIC HOSPITAL DISTRICT NO. 1 OF PEND OREILLE COUNTY**

November 14, 2017

In Attendance: Commissioners: Lynnette Elswick, Raymond King, and Terry Zakar; Thomas Wilbur, CEO; Directors: Kim Manus, Pete Peterson; Other: Casi Densley, Jenny Smith, Robert Rosencrantz, and Nancy Shaw.

Excused: Commissioners Thomas Garrett and Lois Robertson, Chief of Medical Staff, Dr. Clayton Kersting.

CALL TO ORDER:

Vice Chairperson King called the meeting to order at approximately 12:35 p.m.

READING OF LEGAL NOTICE:

The regular meeting legal notice was distributed as required.

APPROVAL OF AGENDA:

The agenda was reviewed and approved as presented.

BUSINESS FROM THE AUDIENCE

Budget Hearing: A public hearing was opened at approximately 12:35 pm. to present the District's 2018 Operating Budget and approve its annual Maintenance & Operations and UTGO Bond property tax request to the County. A notice of the hearing was published to inform the public of the opportunity to comment on the District's proposed budget. A resolution to establish the District's standard M&O tax and UTGO Bond tax rate increase is also required at this meeting.

2018 Operating Budget: Kim Manus presented the preliminary 2018 operating budget and explained the information meets all requirements necessary to establish our annual M&O tax levy. She noted the budget reflects salaries for current staffing levels with a 3% "overall" wage increase to cover cost of living, Milliman survey adjustments, and bonus structure. However, she noted that requests for an additional 6.85 FTE's was not included in the budget presented. (Approx. annual cost = \$547K).

An additional \$299K of wage increases (under the non-contract staff compensation plan) for Milliman survey adjustments was also not included in the budget. A Personnel/Finance Committee meeting has been set for Friday to address the Milliman survey adjustments.

Kim noted she annualized the existing (9 mos.) Y-T-D revenues; however, revenues are down this year. Kim is addressing this with Tom to determine whether additional revenues could be considered for the clinic line of business. 5% was factored for the 340B program.

The budget reflects the current full scale, ED provider expenses, though we anticipate these will decrease as we continue to move toward permanent staff in the ED. (Two physician salaries were incorporated; the remaining EmCare fees are included in the professional fee line item).

Kim will present a updated operating budget at the next meeting, which will reflect comparative changes for current vs. projected items.

Commissioner Elswick requested the departmental revenue projections prior to the next meeting. Kim explained that the Accounting team has been determining the origination of statistical data in an effort to ensure that the data is obtained from a reliable, common source.

Piper Jaffrey recently informed Kim that \$1.3M will be the total principal and interest on the UTGO bonds that we plan to issue in 2018 for the RMV – Advanced Care project. Since we collected UTGO tax revenues (in anticipation of issuing debt in 2017), the \$705,000 in taxes received in 2017 will be used to pay principal amounts in 2018 and to reduce overall interest costs for the remaining term of the bonds.

Tom clarified that the budget presented today is preliminary and the detailed budget will be presented on November 30.

ACTION ITEM AGENDA:

Via a motion made, seconded and passed unanimously, **Resolution No. 2017-05** was approved, passing the 2018 Operating Budget with expenses in the amount of \$37,014,092.

M&O and UTGO Bond Tax Assessment: Kim Manus explained, per RCW regulations, the District's 2018 M&O property tax increase is limited to 1.0% of prior year collections, plus additions for new construction, which makes our levy amount requested \$500,000. The 2018 excess levy request necessary to support payment of principal and interest on our 2018 UTGO bonds is projected to be \$628,171.

Resolution No. 2017-06 - Via a motion made, seconded, and unanimously passed, the Board approved the following 2018 property taxes levy requests:

M&O Levy in the amount of \$500,000 – includes an increase of 1% of the amount of regular property taxes levied in the highest of the three most recent years and a conservative add-on for new construction; and

UTGO Bond (special excess) Levy in the amount of \$628,171 to pay principal and interest on bonds issued for construction of the new RMV– Advanced Care, residential care facility.

Mr. Robert Rosencrantz asked whether there was sufficient cash on hand to buffer a revenue shortfall. Tom W. affirmed this, noting we had a reserve of approx. 115-120 days cash on hand; he invited Mr. Rosencrantz to meet with him to discuss further.

No further comments were received. Commissioner King adjourned the budget/taxation hearing at 12:50 pm.

OTHER BUSINESS

There was no other business to discuss.

NEXT MEETING DATE

The next regular meeting of the Board of Commissioners is scheduled for Thursday, November 30, 2017 at 12:30 pm in the Sandifur Meeting Room at Newport Hospital & Health Services, a week later than the regular meeting date, due to the Thanksgiving holiday.

Minutes recorded by Nancy J. Shaw, Administrative Assistant and Tom Wilbur, CEO.


Thomas Garrett, President
Board of Commissioners


Terry Zakar, Secretary
Board of Commissioners