

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

November 15, 2019

In Attendance: Commissioners: Raymond King, Lynnette Elswick, Thomas Garrett, Terry Zakar; Tom Wilbur, CEO; Directors: Kim Manus, Chris Wagar, Walter Price; Other: Casi Densley, Diane Anderson, John Stuvenga, Robert Rosencrantz, Glenn Talmage, and Nancy Shaw.

Excused: Commissioner Lois Robertson.

CALL TO ORDER:

Chairperson King called the meeting to order at approximately 1:30 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 via motion made, seconded and passed unanimously.

BUSINESS FROM THE AUDIENCE

Budget Hearing: a public hearing was opened to review the District's 2020 Operating Budget and approve its regular annual Maintenance & Operations and excess property tax (UTGO Bond debt service) levy requests to the County for 2020. A notice of 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 is also required at this meeting.

2020 Operating Budget: Kim Manus presented the preliminary 2020 operating budget and noted the requirements necessary to establish our annual M&O tax levy. She noted that after a complete Director review and medical insurance open enrollment (ends Nov. 30), she did anticipate there would be some minor changes to the 2020 budget; updates, as necessary, will be provided at the November and December regular Board meetings. The Capital Budget will be finalized in December.

ACTION ITEM AGENDA:

M&O and UTGO Bond Tax Assessment: Kim Manus explained that per RCW, the District's 2020 M&O property tax increase is limited to 1.0% of prior year collections, plus additions for new construction, which equates to the levy request of \$500,000. Our 2020 excess levy request will cover principal and interest payments on our UTGO bonds and is projected to be \$682,594.

Kim explained the 2020 operating budget projected net income of \$242K, on net patient revenues of \$44.2M, other oper./non-op. revenue of \$1.3M, and operating expenses of \$45.2M. She noted the increases included adjustments for new patient volumes and FTE's; with recaps included. She indicated benefits increases were indicative of adding 10 families and 13 dependents to the dependent coverage. Casi Densley noted an additional \$250K was included in the budget for the new benefit; however, Joseph Clouse, HR Director, indicated that he anticipates this may go higher; we will know more after open enrollment ends at the end of Nov.

Kim stated the budget includes Milliman market adjustments, due to the ripple effect of minimum wage and other adjustments, of approx. \$500K in excess of the standard 2.0% COLA adjustments. The tentative RN agreement will include an overall 4% pay increase (w/annual steps + COLA) for RN's. Kim noted an additional 2 steps were added to the RN scale for longest-tenured staff; explaining that 17 of 69 RN's are currently at Step 26 – the most experienced end of the scale. Tom W. explained the scale adjustments are quite fair and are predicated on historic nursing wages/scales that we have going back to the 1990's. He noted that he was pleased with the new contract and the diligence of the SEIU negotiating group to get us to the finish, all were interested in ensuring the modification to the family benefits were available to everyone. If everything goes as planned, the RN's will vote on the contract on Weds. and we can ratify the 2020-22' contract on Thursday.

In addition to all staff, Tom W. briefly discussed provider MGMA compensation scales and noted there haven't been any adjustments since 2015. Kim added there has been some minor adjustments to w/RVU values (changed by CMS the Federal level), but the District's price-per-RVU has not been adjusted since 2014-15. That pay adjustment is also reflected in the budget.

The Benefits Committee recommended removal of the Sun Life benefit (duplicative disability); Kim explained this cost (\$90K) was removed from the 2020 budget. The Employee Assistance Program, included in the Sun Life benefit, will remain intact and funded separately.

There were volume increases, especially in the surgery department. Dr. Vandersloot (OB/Gyn) was budgeted similar to a General Surgeon (volumes/costs). Commissioner Zakar asked whether an additional CRNA's salary was included for the change; Kim indicated that there wasn't yet, but it could occur depending on volumes and should a 2nd OR be implemented.

Kim referred to statistical data related to radiology, laboratory test RVU breakdowns. She anticipates revenue increases for an OT assistant. Long Term Care revenue is no longer included and the new ALF facility revenues are reflected in the budget calculation. Kim pointed out that the budget is based upon operating 3 wings of the new facility and recommended a discussion to determine the opening of the 4th wing prior to year-end.

Via a motion made, seconded and passed unanimously, **Resolution No. 2019-07** was approved, passing the 2020 Operating Budget with annual expenses in the amount of \$45,222,646.

Resolution No. 2019-08 - Via motion made, seconded, and unanimously passed, the Board approved the following 2020 property tax 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.

Excess Voted Bond Levy: in the amount of \$682,594, sufficient to pay annual scheduled principal and interest payments on the bonds in 2020.

Kim extended her thanks and appreciation to the entire Accounting staff for a job well done in compiling and completing the 2020 budget. The Board of Commissioners also extended their compliments and thanked the crew.

No further comments were received. Commissioner King adjourned the budget/taxation hearing at 1:57 pm.

OTHER BUSINESS

Members of the Commission and employees welcomed Mr. Robert Rosencrantz, who won the seat to replace Commissioner Tom Garrett, a retiring member of the Board, who is completing his 21st year of service to the District.

Commissioner's Garrett (21 years) and Commissioner Ray King (11 years+) were both recognized and thanked for their contributions and service to the District. It was noted that festivities will be planned prior to their departure and final meeting on Dec. 19th.

NEXT MEETING DATE

The next regular meeting of the Board of Commissioners is scheduled for Thursday, November 21, 2019 at 1:30 pm in the Sandifur Meeting Room at Newport Hospital & Health Services, a week earlier than the regular meeting date, due to the Thanksgiving holiday.

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


Raymond King, President
Board of Commissioners


Lynnette Elswick, Secretary
Board of Commissioners