

Orcas Island Health Care District
Board of Commissioners - REGULAR Meeting Minutes
REMOTE BOARD MEETING
October 5, 2021
5:00 – 7:00 pm

Commissioners Present (via Zoom):

Art Lange, President
Diane Boteler
Patricia Miller, Secretary
Pegi Groundwater
Richard Fralick

Staff (via Zoom):

Anne Presson, Superintendent

Commissioners Absent:

None.

I. Call to Order

President Lange called the 18th meeting of 2021 to order at 5:00 pm. He noted that there was a quorum with four Commissioners present. He welcomed members of the community to the meeting.

There were no modifications to the Agenda.

II. Public Comment

Mary Poletti stated that the Island Hospital (IH) team answering phone calls has greatly improved in cooperativeness and patience. She asked if our clinic will be offering high-dose flu shots; Superintendent Presson will find out and post that information on the OIHCD website. Both regular and high-dose shots will be available through the County on Oct. 20 and Nov. 5 at Orcas Center. Commissioner Miller noted that Ray's Pharmacy offers both.

III. Consent Agenda

The items contained in the Consent Agenda included the September 21, 2021, Regular Board Minutes and an AP Voucher Report dated September 26, 2021, in the amount of \$26,610.95. Miller asked for correction of a few typos.

MOVED by Commissioner Fralick, seconded by Commissioner Groundwater to approve the Consent Agenda, as modified. VOTE 4:0:0. MOTION CARRIED.

IV. Committee and Work Group Reports

- a. **Building Group** – Commissioner Fralick reported that San Juan Pest Control has submitted a contract for work on the clinic building, including quarterly outside inspection and treatment and traps in the attic to monitor rodent activity. The cost is \$275 per quarter, plus a \$50 initialization fee and charges for additional activity as needed. He recommended approval of the contract. Clinic Manager Aimee Johnson will also work with the cleaning staff at the clinic to improve cleanliness.

MOVED by Commissioner Fralick, seconded by Commissioner Miller to approve the contract with San Juan Pest Control. VOTE 4:0:0. MOTION CARRIED.

Commissioner Groundwater asked if there was an update on the compressor; Fralick is waiting for a call back to schedule repairs. She also asked if generators are available now, and Fralick will check. Kevin Loomis hopes to start the lighting upgrade this week; the contract is signed and proof of vaccination has been obtained from all workers. Kevin would like to complete the work before measuring the needed generator capacity. Groundwater report she expects to be in touch with a handyman candidate in about 10 days.

- b. **Finance Committee** – Presson presented the latest draft of the proposed 2022 budget. She noted that she had used data from the County assessor in the budget, including calculations of amounts from a 1% increase, new construction, and what remained in the District’s banked capacity, as well as the assessor’s preliminary total assessed value for the island.. Since last year, the assessed value has risen 113%, so although the levy amount will increase, the millage rate will go down. She is using \$23,924 as the amount for new construction.

Presson noted that decisions still to be made this year will affect the ending cash amount. The 2021 Revenue forecast was updated to reflect the finance committee’s assumption that we will collect the full levy amount in 2021 of \$1,798,928, about \$70,000 more than in the 2021 budget. No IH transition costs other than \$20,000 for COBRA payments are built in. The budget assumes using the maximum taxing rate, taking the full 1% and new construction amounts, plus about \$60,000 in banked capacity, for a total of \$1,901,902. Based on the significant increase in Total Assessed Value, the levy results in a millage rate of \$0.61.

Changes in this draft of the budget (Draft 3) include IH subsidy amounts adjusted for the possibility that the Provider-Based Rural Health Clinic (PB-RHC) reimbursement will not be grandfathered. What that would mean is that in addition to the IH scheduled subsidy of \$383,250 in January for the second half of 2021, and \$511,000 for first half of 2022, another \$940,993 is possible due to the uncertainties related to IH’s PB-RHC reimbursement status. The result is in 2022 there could be a total IH provider subsidy of \$1,835,243.

Other changes are postponement of some larger building and road projects and equipment expenses to 2023, to minimize 2022 expenses until more is known about the PB-RHC situation. Ending cash for 2022 is projected at \$657,968 before the \$100,000 transfer to reserves, and \$557,968 after. Groundwater noted that if big projects are pushed to 2023, projected legal expenses for 2022 could be cut back to about \$30,000. She also asked if we should be paying for remodel costs if, under the lease agreement, tenant improvements are to be paid for by the tenant. She and Presson will discuss further.

Presson included a column of estimates for 2023 in the budget. She assumed a 1% tax increase and a \$200,000 settlement from the Brown Trust in 2023 will be used to fund projects and equipment purchases; Miller requested that the \$200,000 be removed from the Donations line and shown as a transfer from reserves. If the PB-RHC outcome is not favorable, the IH subsidy could increase by \$646,952 for the 2023 gap in reimbursement. Ending cash would continue to be sufficient at \$329,437 for 2023, but our cushion would continue to diminish. In 2024, the additional IH subsidy needed to cover the gap in PB-RHC funding could increase to \$795,000. All of these scenarios will be explored when the new five-year modeling tool is available. Under the current contract with IH there is no provision for reconciliation but the change in the anticipated reimbursement could give IH a reason to end the contract if the district and IH could not reach agreement on how to handle the shortfall, so the .district has a strong incentive to reach an agreement with IH.

Costs for clinic equipment maintenance are based on the former UW schedule, and IH has not yet made any modifications other than to add \$18,000 for the new X-ray machine. Parking lot maintenance will probably be needed in 2022; Fralick has cost estimates for three repair options, in the range of \$20,000-\$22,000. It was suggested that money for the parking lot and perhaps the generator be put into the 2022 budget to avoid the need for a budget amendment if the expenditures become necessary. Annual maintenance for the generator is scheduled for this month, and Groundwater will ask if it is likely to last through 2022.

Not included in the budget are IH’s request for additional transition costs of about \$90,000, associated with housing of the temporary providers.. The public hearing and approval of the final budget will be on Nov. 2, so the budget needs to be publically available the week of Oct. 18. Final modifications can be made at the Oct. 19 meeting. Fralick noted that he will be out of town and unavailable that day.

Miller noted that she will be working on the modeling tool this weekend, Oct. 9-10.

V. Public Comment

There were no requests for public comment at this time.

VI. Executive Session

The commissioners moved into Executive Session under RCW 42.300.110G, to review the performance of a public employee. The session was scheduled for 40 minutes and the Commissioners asked for two 20-minute extensions.


At the conclusion of the Executive Session, Groundwater made a motion to enter into contract discussions with Presson.

MOVED by Commissioner Groundwater, seconded by Commissioner Fralick to enter into contract discussions with Anne Presson to become the District’s full-time Superintendent for a five-year term, with a compensation of \$115,000 for the first year plus retirement and employment benefits estimated at \$37,774, plus one year’s severance if the contract is terminated without cause. VOTE 5:0:0. MOTION CARRIED.

VII. Meeting adjournment

MOVED by Commissioner Fralick, seconded by Commissioner Boteler to adjourn the meeting. VOTE 5:0:0. MOTION CARRIED.

Minutes approved this ____ day of _____, 2021.

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12/21/2021

Attest: Patricia Miller, OIHCD Board Secretary

Date signed