



NOTICE OF PUBLIC BUDGET HEARING

**PUBLIC HOSPITAL DISTRICT NO. 4, KING COUNTY BOARD OF
COMMISSIONERS GIVES NOTICE OF A SPECIAL BOARD MEETING TO
CONVENE ON:**

FRIDAY, NOVEMBER 6, 2020 – 4:30 pm

CALL TO ORDER/ROLL CALL/APPROVAL OF AGENDA

NEW BUSINESS: Presentation of District Budget for Calendar Year 2021

PUBLIC COMMENT: (Please limit comments to 3 minutes)

EXECUTIVE SESSION: Pursuant to RCW 42.30.110(g) to evaluate the qualifications of an applicant for public employment. (Commissioners will be provided a separate dial-in number)

NEW BUSINESS ACTION ITEMS:

1. Resolution 667-1120 - Approving and Adopting District Budget and Tax Levy for Calendar Year 2021 and Approving the Limit Factor for the District's Regular Property Tax Levy in Calendar Year 2021
2. Resolution 668-1120 - Approving and Adopting Rate Amount of Increase in Regular Levy for 2021
3. Decision Re: CEO Contract Next Step

Meeting will be held via Teleconference

No In-person Attendance Permitted

Public may attend Call to Order, New Business, Public Comment and Action Item portions of the meeting by using the following information:

Dial-In: 800.434.5932 | Participant Code: 98477739#

The above option is provided to ensure the safety of staff and members of the community as we continue with social distancing and compliance with Governor Jay Inslee's Proclamation 20-28.11.

For questions please call 425.831.2362

DATE OF THIS NOTICE: October 28, 2020



**Public Hospital District No. 4, King County
Board of Commissioners
Public Budget Hearing
AGENDA
November 6, 2020, 4:30pm**

DIAL-IN: 800.434.5932/Participant Code: 98477739#

CALL TO ORDER / ROLL CALL / APPROVAL OF AGENDA

NEW BUSINESS:

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UPCOMING PUBLIC MEETINGS: (Location TBD)

Affiliation Work / Study – Thursday, November 12, 2020, 4:30pm-6:00pm

Monthly Business Meeting & Budget Public Hearing – Thursday, November 12, 2020, 6:30pm

Education Work / Study – Wednesday, November 25, 6:30pm-8pm

ADJOURNMENT

Budget Assumptions

- Net Income of .002%
 - Bottom line = \$89,880
 - On par with other Collaborative Hospitals, (Skyline, Ocean Beach, Arbor, Lincoln, and Whidbey) who have 2021 budgets $\pm 0.3\%$
- Medicare Daily Rate-based Analysis From Cost Report Preparer
 - \$3,120.00
- We Have Budgeted \$1.8 million in COVID expenses for 2021. Offset by existing \$1.8 million in Stimulus Funds
 - Remaining stimulus funds (~\$3,000,000) will be held until clarity for accounting is determined at federal level
- Conservative Patient Volumes
 - Patient Volumes
 - IP—Up slightly to 23 patients per day
 - ED slow ramp up to 15% increase by end of year.
 - Clinic Services Flat from 2020 annualized May- September monthly volume

This Budget Accomplished:

- Launch Walk-in clinic service line with ramp up
- ED transition and ramp-up period
- No reduction in service lines or furloughs

Process for Non-Salary Expense

- Supplies and Pharmaceuticals
 - 2020 based increase –feed back from suppliers on 2020 increase factors for specific supply types
- Benefits and Insurance coverages—meetings with brokers
- COVID expenses continued forward in 2021 from Q2-Q4-2020
 - \$1.8 million
- 2021 Purchased Services and ProFees
 - nTrust (fluctuates as a % of net revenue)
 - Agency—variable by patient volume and staff availability
 - PSP—nearly constant
 - SML (fluctuates as a % of net revenue)
 - Sleep—nearly constant
 - Morrison—nearly constant
 - ED MSA—nearly constant
 - Cardiologist—nearly constant
 - Legal fees—Reduced for completion of Overlake ER MSA
 - Audit fees (increased this year due to federal stimulus funds)

Benefits

- Health Insurance (Benefits)
 - New Aetna Plan +3% from 2020
 - Member Out of pocket expenses are below existing plan.
- Went to Market (other bids)
 - Premiera (current plan)-Quoted a 17.3% increase
 - Self Funded – Stop loss insurance prohibitive
 - Regence Blue Shield-Declined To Quote
 - Kaiser—Quote Analyzed By Management—benefits quoted were below existing plan deemed not

Salary Expenses

- Staffing levels—Manager Meetings
- No COLA for 2021.
- Salary Budgeted for Full time CEO position
- Added FTEs for in Walk-In Clinic and support services for growth in ED/Reference Lab Services/ COVID

Emergency Room

- Very conservative 6 month ramp up to 15% year over year volume increase by July
 - Equates to 1 extra patient per day over last 6 months of year
- Expenses for this will be in pro fees and purchase services which do not have a ramp up

340b

- 340b Program Revenue
 - 340b drug program
 - Using 2019 revenue stream
 - \$204,000 (\$17,000 per month)

Rural Health Clinics

- Rural Health Clinic Revenue
 - Rural Health Clinic Status (HPSA)
 - Wanted to be conservative; Kept at average state encounter rate for 2021 of \$141
 - Current State Average is \$175-- We should get to this rate after 2019 Cost Report finalization by state—at that point net revenue increase would be annualized \$360,000 but opting to not incorporate into budget until clarified

Reference Lab Revenue

- Projected to continue at 2020 revenues \$1.2 million annualized though growth is anticipated

Walk-In Clinic

- Extend hours and weekend hours.
- Project a monthly break even amount by end of 2021.
- Six month ramp up to 8 patient per day operating volume; expenses will be consistent across all months.
- Should positively contribute to operation margin in 2022

2021 BUDGET

| | 2021 Budget |
|-------------------------------|---------------|
| | |
| | |
| Patient Revenue | \$ 60,274,119 |
| Less: Contractual Adjust | (18,583,440) |
| Less: Bad Debt & Charity Care | (1,428,264) |
| Net Patient Revenue | 40,262,415 |
| | |
| Other Revenue | 548,354 |
| Tax Revenue | 4,089,429 |
| Interest Revenue | 125,997 |
| Other Operating Revenue | 4,763,780 |
| | |
| Total Revenue | 45,026,195 |
| | |
| Expenses: | |
| Salaries | 19,862,901 |
| Benefits | 4,586,638 |
| Professional Fees | 3,854,511 |
| Supplies | 3,118,910 |
| Repairs and Maintenance | 259,668 |
| Utilities | 435,648 |
| Purchased Services | 3,935,052 |
| Leases and Rentals | 763,848 |
| Insurance | 175,296 |
| Advertising | 35,100 |
| Other Expenses | 579,656 |
| Depreciation | 3,946,584 |
| Interest | 5,246,623 |
| Total Department Expenses | 46,800,435 |
| | |
| Operating Income | (1,774,239) |
| | |
| Non Operating Revenue | 1,864,119 |
| | |
| Total Net Income | 89,880 |
| | |
| | |

PUBLIC HOSPITAL DISTRICT NO. 4
KING COUNTY, WASHINGTON
RESOLUTION NO. 667-1120

A resolution of the Commission of Public Hospital District No. 4, King County, Washington (the "District"), approving and adopting the District's budget and tax levy for calendar year 2021 and approving the limit factor for the District's regular property tax levy in calendar year 2021.

WHEREAS, RCW 70.44.060 requires the Superintendent of the District to prepare a proposed budget of the contemplated financial transactions of the District for the ensuing year and to file the budget in the records of the Commission on or before the first day in November; and

WHEREAS, RCW 70.44.060 further requires the District to publish public notice of the proposed budget and the date and place of a hearing on the budget, which is required to be held on or before the fifteenth day of November, for two consecutive weeks in a newspaper printed and of general circulation in King County; and

WHEREAS, in compliance with the requirements of RCW 70.44.060, the Superintendent has prepared, filed and provided notice of the District's proposed 2021 budget, which proposed budget is attached hereto as Exhibit A (the "2021 Legal Budget"); and

WHEREAS, the Commission held a public hearing on the 2021 Legal Budget on November 6, 2020, in compliance with the requirements of RCW 70.44.060 and RCW 84.55.120; and

WHEREAS, RCW 84.55.010 and RCW 84.55.092 provide that the levy for a taxing district in any year must be set so that the regular property taxes payable in the following year do not exceed the "limit factor" multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district, or the highest amount that could have been levied in any year since 1985, plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from: (i) new construction; (ii) increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere; (iii) improvements to property; and (iv) any increase in the assessed value of state-assessed property; and

WHEREAS, RCW 84.55.005(1) defines "inflation" as the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent 12-month period by the Bureau of Economic Analysis of the federal Department of Commerce in September of the year before the taxes are payable; and

WHEREAS, “inflation” for 2021 is 0.602 percent and the limit factor is 100.602 percent, meaning the taxes levied in King County Public Hospital District No 4 in 2021 for collection in 2021 will decrease except for the amounts resulting from new construction and improvements to property, newly constructed wind turbines, and any increase in the value of state assessed utility property; and

WHEREAS, the Board of Commissioners of the District attests that the population of the District is more than 10,000; and

WHEREAS, RCW 84.55.005 provides that the limit factor for taxing districts with a population equal to or greater than 10,000 is the lesser of 101% or the amount authorized under RCW 84.55.0101; and

WHEREAS, RCW 84.55.0101 provides that, upon finding substantial need, the legislative authority of a taxing district may provide for a “limit factor” of 101% or with a finding of substantial need by at least 4 of the 5 district Commission members; and

WHEREAS, Board of Commissioners of the District has determined that its operating, general capital improvement, and maintenance program costs have historically grown faster than the rate of its regular tax levy; and

WHEREAS, the Board of Commissioners of the District has determined that there is substantial need to increase the regular property tax in order to provide sufficient funds to carry out its budget for 2021; and

WHEREAS, RCW 84.69.180 and RCW 84.68.040 authorize taxing districts to levy a tax on the taxable property of the district for the purpose of: (i) funding property tax refunds, including interest, as ordered by the county treasurer or county legislative authority within the preceding twelve months; and (ii) reimbursing the taxing district for taxes abated or cancelled within the preceding twelve months; and

WHEREAS, the office of the Finance and Business Operations Division of King County, Washington, has reported to the District that the amount of the refunds for the District in the last twelve months with respect to the District’s regular levy is an amount equal to \$4861; and

WHEREAS, the Board of Commissioners of the District, in the course of considering the budget for calendar year 2021, reviewed all sources of revenues and examined all anticipated expenses and obligations; and

WHEREAS, the Board of Commissioners of the District has met and considered all relevant evidence and testimony presented with respect to its budget for the calendar year 2021; and

WHEREAS, Board of Commissioners of the District, after reviewing its 2021 preliminary budget, including all anticipated revenues, expenses, obligations, and debt service has determined

that it must increase the regular tax levy in order to discharge the expected expenses, obligations, and debt service of the District; and; NOW, THEREFORE,

BE IT RESOLVED by the Board of Commissioners of the District of Public Hospital District No. 4, King County, Washington, that:

Section 1. The Board of Commissioners of the District hereby approves and adopts the 2021 Legal Budget as the budget for the District for calendar year 2021, which budget provides for collection in calendar year 2021 of \$4,089,429 that includes a regular property tax levy in the amount of \$4,084,568 and a refund levy relating to the regular levy in the amount of \$4861 totaling \$4,089,429

Section 2. The Board of Commissioners of the district does hereby establish a finding of substantial need under RCW 84.55.0101 and authorizes the use of a limit factor of one hundred one percent (101%) for the property tax levy for 2021 (exclusive of additional revenue resulting from multiplying the regular property tax levy rate of the District for 2020 by the increase in assessed value in the District resulting from: (i) new construction; (ii) increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere; (iii) improvements to property; and (iv) any increase in the assessed value of state-assessed property) and to set the levy limit at the maximum allowable under RCW 84.55.0101.

Section 3. The office of the Finance and Business Operations Division of King County, Washington, is hereby authorized and directed to collect and deliver on or before the fifteenth day of each month to the Treasurer of the District the sum of all taxes collected on behalf of the District during the preceding month together with a proper accounting therefor.

Section 4. The Superintendent is further directed to certify to the County Assessor, no later than November 30, 2020, a copy of this Resolution showing its adoption.

ADOPTED AND APPROVED by the Commission of Public Hospital District No. 4, King County, Washington, at a regular open public meeting thereof this 6th day of November, 2020, and the following Commissioners being present and voting in favor of the adoption of the resolution.

President and Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

EXHIBIT A

Public Hospital District No. 4, King County, Washington Final Legal Budget FY 2021

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CERTIFICATION

I, the undersigned, Secretary of the Commission of Public Hospital District No. 4, King County, Washington (the "District"), hereby certify as follows:

1. The attached copy of Resolution No. 667-1120 (the "Resolution") is a full, true and correct copy of a resolution duly adopted at a regular open public meeting of the Commission of the District held on November 6, 2020, as that resolution appears on the minute book of the District; and

2. A quorum of the members of the Commission was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of November, 2020.

PUBLIC HOSPITAL DISTRICT NO. 4
KING COUNTY, WASHINGTON

Secretary of the Commission

PUBLIC HOSPITAL DISTRICT NO. 4
KING COUNTY, WASHINGTON
RESOLUTION NO. 668-1120

RCW 84.55.120

WHEREAS, the Board of Commissioners of Public Hospital District No. 4, King County, Washington (the “District”), has met and considered its budget for the calendar year 2020; and

WHEREAS, the District’s actual levy amount from the previous year was \$4,106,719 and,

WHEREAS, the population of this District is more than 10,000; NOW, THEREFORE,

BE IT RESOLVED by the Board of Commissioners of Public Hospital District No. 4, King County, Washington that a decrease in the District’s regular property tax levy is hereby authorized for the levy to be collected in the 2021 tax year and that the dollar amount of the decrease over the actual levy amount from the previous year shall be \$91,597, which is a percentage decrease of 2.23% from the previous year. This decrease is exclusive of additional revenue resulting from: (i) new construction; (ii) increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere; (iii) improvements to property; (iv) any increase in the assessed value of state-assessed property; and (v) any refunds made.

ADOPTED this 6th day of November, 2020.

President and Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

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I, the undersigned, Secretary of the Commission of Public Hospital District No. 4, King County, Washington (the "District"), hereby certify as follows:

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2. A quorum of the members of the Commission was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of November, 2020.

PUBLIC HOSPITAL DISTRICT NO. 4,
KING COUNTY, WASHINGTON

Secretary of the Commission

By Ordinance 2152 of the King County Council,
Taxing Districts are required annually
to submit the following information regarding their
tax levies for the ensuing year as part of a
formal resolution of the District's governing body.

THE KING COUNTY ASSESSOR HAS NOTIFIED THE GOVERNING BODY OF KING COUNTY THAT THE ASSESSED
VALUATION OF PROPERTY LYING WITHIN THE BOUNDARIES OF SAID DISTRICT FOR THE ASSESSMENT YEAR 2020 IS:

\$ 11,114,675,559

REGULAR (STATUTORY) LEVY (AS APPLICABLE):

| | |
|--------------------------------|---------------------|
| CURRENT EXPENSE FUND | \$ <u>4,200,000</u> |
| TEMP. LID (VETERANS/FAMILY) | \$ _____ |
| TEMP. LID NAME (PARKS) | \$ _____ |
| TEMP. LID NAME (AFIS) | \$ _____ |
| TEMP. LID NAME (CFJC) | \$ _____ |
| TEMP. LID NAME (BSFK) | \$ _____ |
| TEMP. LID NAME (RADIO COMM.) | \$ _____ |
| HUMAN SERVICES/MENTAL HEALTH | \$ _____ |
| VETERAN'S AID | \$ _____ |
| RIVER IMPROVEMENT | \$ _____ |
| INTER-COUNTY RIVER IMPROVEMENT | \$ _____ |
| REFUND | \$ <u>4,861</u> |

TOTAL COUNTY \$ _____

EXCESS (VOTER APPROVED) LEVY:

(Please list authorized bond levies separately.)

| | |
|----------------------|----------|
| G.O. BONDS FUND LEVY | \$ _____ |
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| G.O. BONDS FUND LEVY | \$ _____ |

TOTAL TAXES REQUESTED: \$ 4,204,861

THE ABOVE IS A TRUE AND COMPLETE LISTING OF LEVIES FOR SAID DISTRICT FOR TAX YEAR
2021 AND THEY ARE WITHIN THE MAXIMUMS ESTABLISHED BY LAW.



(AUTHORIZED SIGNATURE)

10/27/2020

(DATE)