

BOARD MEETING MINUTES

Date: November 11, 2020

Time: 19:00

Place: ZOOM Meeting, <https://zoom.us/j/375320938>

Present: Tom Langland, President
Don Wolczko, Secretary
Eric Pryne, Position 2
LeeAnn Brown, Position 3
Wendy Noble, Position 4
Eric Jensen, Superintendent
Jojo Weller, Administrative Director

1. Call to order at 19:02

2. Approve/Amend November 11 Agenda

Secretary Wolczko motions to approve agenda and Commissioner Pryne seconds the motion:

“I move to approve the agenda.”

AGENDA APPROVED 5-0

3. New Business

a. Budget Hearing Presented by Superintendent Jensen

- President Langland notes three challenges in the budgeting efforts. First, there is 15 months of operations and many months of provider subsidy before any tax generated funding is available. Second, the total island property valuation for 2020 is somewhat lower. Third, the effects of COVID-19 which damaged health care operations and revenues all across the country. Neighborcare sustained unusual high losses for most of this year. Sea Mar was obliged to use Neighborcare’s data to set their monthly subsidy which grew to 250% from the initial expectations.
- see attached 2021 budget

b. Levy Hearing

- See attached 2021 budget for levy rate options

4. Public Comments

Debby Jackson thanks the board’s thoughtfulness in trying to keep the levy as low as possible to preserve other taxing district’s current level.

Bill Schwartz thanks the board for running a tight ship but urges the board to think very carefully about the 1.8M which he thinks is too conservative. He strongly recommends the district to look at their debt situation. Superintendent Jensen replies the district can bank the capacity up to the legal

maximum of \$0.75. This is so districts do not continue to tax more than they really need to but have that money available should they need it.

Patricia Haley assumes that the budget is based on the previous clinic which is a certain number of patient visits. She would like to know the financial impact if the unique patient visits go up or down and what the forecast is. Superintendent Jensen replies the forecast for 2021 is based on the current year visits. As the volume goes up the clinic does better and will reduce the amount of subsidy required as stated in a provision in the district's contract.

Wendy Aman thanks the board for their wonderful work in a very difficult time. She is concerned that the housing market in the last six months has gone down which the district needs in order to grow. She asks what the operational level and efficiencies Sea Mar will bring to the clinic that might be better than Neighborcare's. She mentions that she did not see Vashon listed on Sea Mar's website and asks what services and hours of operation are available and if urgent care and Kaiser are offered. She did not see this information on the district's website either. She would like to see this information somewhere to promote the clinic so more people can use the organization. President Langland says he can have a conversation with Mr. Sanchez tomorrow on the website promotion and content. Secretary Wolczko says that Sea Mar could only work with this year's numbers from Neighborcare during COVID. The district expects things will improve at least in 2021. Superintendent Jensen says the clinic is offering primarily primary care including acute care which is same day/walk-in services. Urgent care service would require more subsidy due to more staffing. The same providers are staying plus an additional provider. Sea Mar has kept the same schedule of Monday thru Friday, 8am-5pm. They will look at the demand and volumes where they should and could add more hours. They are looking to get Kaiser in place at the clinic. He mentions that there will be a commentary in the Beachcomber this week.

Paul Rowley adds the commentary prepared by Tom and Eric will be posted online tomorrow. He was under the impression that \$0.53 levy would allow for wiggle room and the draft presented at the last meeting was at \$.052 however the revised draft budget is at \$0.54. He would like to know if the figures have changed and why it exceeds the \$0.53. Commissioner Pryne says he has been in regular contact with the assessor's office and the numbers the district is basing the levy on without exceeding the \$5.90 change on a weekly basis. The numbers received earlier this week indicated the district can go \$0.54 without exceeding the \$5.90 and may change again before final action is taken on the budget and levy amount.

Jane Neubauer agrees with Ms. Aman that the Vashon clinic needs to be communicated and marketed. She would like to know what Sea Mar is doing and would like to see a communication/marketing plan over the next three months to begin to let people know what they are doing. President Langland reminds her that the board needs to follow the agenda and only discuss 2021 budget but adds that he will talk to Mr. Sanchez and bring up her points. He also adds that this item can be brought up again in the next regular meeting.

Tim Johnson thanks the board for the work they have done and for getting a new provider in place. He comments that the budget does not have a lot of flux and advises the board not to put off expenses and not to accept the idea that things are going to get better. He highly recommends the

board to look at their debt service and at least apply something to the debt service so as not to build a larger hole.

John Jenkel thanks the board for their work and agrees with Mr. Johnson and Ms. Neubauer. The district should not push their debt down the road and take a pass on it in the first year. He thinks a new business needs to be properly capitalized. As the budget stands, he sees a major hole that it doesn't address marketing issues which is key to the survival of the district. He thinks the burden of marketing the clinic not only falls on Sea Mar but also the district too. There is not a wide spread of understanding of how the district functions and what capacities, responsibilities and duties the district has versus what Sea Mar does.

Mary Bergman thanks the board for all of their hard work. She mentions that she uses the other taxing district's services almost daily and appreciates everybody's sensitivities to the other taxing districts. She points out that the health care district in the first year supported Neighborcare, brought in administrators, getting consultants, incurring more debt and is still short on funds. She cautions the district not to defer debt and that health care is at risk if they don't get the best-case scenario with nothing to fall back on but a huge debt. She is fearful if the district does not go high enough on the levy. She wonders if Ms. Weller will stay on with the district as she did not see a budget for her position. President Langland says Secretary Wolczko and Superintendent Jensen will confer on this matter.

Ron Smothermon thanks the board for the long hours they have put in to make this happen. He thinks selling Sea Mar to the island is very important and thinks the district needs to put money in the budget for a marketing line item at least in the five figures. Earlier in the presentation he heard that the tax revenue would come in February and March but he thought it came in late May. By his calculation the district will be out of money by mid-February. He would like to know if he is correct or wrong and what the plans are. There was talk last week about reallocating the 3M from the state. He would like to know if this is still happening and thinks the money should be allocated as capital expenses for a new facility. The budget last week had \$575,462 in income from additional borrowing, but he does not see it in the revised budget. He would like to know what happened to this income. He also thinks the district is really light on the levy with not being able to service the debt and advises the board to plan for things unforeseen. He knows that going over the \$0.54 will impact the parks but it is vitally important to have a clinic on the island and to fund the district fully than to hope for the best. In regards to the \$575,462 question Superintendent Jensen says he neglected to put this amount which is the balance of the borrowing and so the amount should be included to account for additional borrowing in 2021 up to a total amount of \$1,375,462 from King County. Commissioner Pryne adds that he has learned from the Fire Department that tax revenues are disbursed starting in February. He mentions per the Fire Department they received tax revenue at 2.5% in February, 5% in March and a big chunk in April. Chief Krimmert does not know the percentages and he does not count them on a monthly income basis. He budgets assuming he gets two payments a year one in May and the other in October. He adds that the tax revenue roll in when they roll in. In regards to the reallocation of the 3M from the state Superintendent Jensen says that the legislature knows the board's desire for this money and the board will not know what the decision will be until the legislature is in session. He adds that he believes this money is allocated for capital improvements.

COMMENTS:

Commissioner Noble thanks the public for their comments, advises to consider the value and worth of the district's job. Secretary Wolczko seconds that statement. He remarks the general sense he gets is more cushion in the budget for unforeseen circumstances than what is currently in the draft budget. Commissioner Brown hears that too and thanks the public for their thoughtful comments. She says that the board is focused on conserving and needs to think about debt service, advertising and administration. Superintendent Jensen appreciates all the feedback and comments and will be working on different versions of the budget based on the input received tonight.

President Langland thanks everyone for attending tonight's meeting and participating with support and ideas. The next regular meeting is on 18 November at 19:00.

Commissioner Pryne motions adjournment and Commissioner Noble seconds the motion:

"I move we adjourn."

ADJOURNMENT APPROVED 5-0

Adjourned at 20:24