

## BOARD MEETING MINUTES

Date: November 18, 2020

Time: 19:00 p.m.

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 19:01
2. Approve/Amend November 18 Agenda

President Langland motions to amend the agenda to have public input after the Superintendent report and budget presentation and Secretary Wolczko seconds the motion:

“I move to amend the agenda to insert public comment after the Superintendent report and budget presentation.”

**AGENDA APPROVED 5-0**

3. Approve/Correct November 04 ZOOM Regular Meeting Minutes

Secretary Wolczko motions to approve minutes and Commissioner Brown seconds the motion:

“I move to accept the minutes.”

**MINUTES APPROVED 5-0**

4. Superintendent Report

- See Superintendent report attached
- A 10”X10” advertisement is about \$750 and a 10”X7” is about \$600. It would be a single advertisement featuring all the providers at the clinic that would be published on 09 December.

President Langland motions to approve an expenditure up to \$750 to fund a promotional ad and Commissioner Pryne seconds the motion:

“I move to approve an expenditure up to \$750 to fund a promotional ad in the Beachcomber and on social media to begin distribution on December 09.”

**MOTION APPROVED 5-0**

- Commissioner Brown asks if other clinics on the island will be able to send their patients to Sea Mar to get x-rays and lab work. Superintendent Jensen does not know the answer to this and Commissioner Noble says this would require a separate policy. President Langland would like the district to find out the answer for at least the lab work as this will be a common question.

#### 5. Unfinished Business

##### a. 2021 Budget Approval

##### b. 2021 Levy Approval

- The district's seven-year payback loan request has not been finalized by King County which will be decided on sometime in December
- \$0.548 levy amount is the most current rate from the assessor's office that the district could ask for without exceeding the \$5.90 limit

Secretary Wolczko starts by saying the public mandated the district to put together a sustainable, high quality primary care on the island. The initial budget that was set forth and the amount of subsidy required has changed dramatically. The district needs to make themselves whole and acquire enough tax revenue so the district is not in another deficit and assume the county is going to lend them more money. It is his opinion the district goes for the \$.588 levy.

Commissioner Pryne is very reluctant to adopt a levy that causes the \$5.90 limit to be exceeded. He points out that scenario two that retains the \$0.548 levy and makes a principal payment will end up with a cash balance at the end of 2021 that is sufficient to carry the district over until property tax revenue starts really flowing in 2022. The only issue is cash flow and he's wondering if a smaller principal payment on the debt in 2021 would help with the cash flow problem. He's concerned exceeding the \$5.90 as it will damage the district's relationships with members of the community and lose goodwill and credibility as well. During the campaign last year, the district somewhat implied that this was not going to happen. He is inclined to take the lesser amount as the district has other options to reduce their annual debt service payments, one option is the general obligation bond with a longer term. The district is obligated to pay Sea Mar a subsidy of \$125,000 through October 2021 and everyone is very hopefully that it will be lower in November and December 2021. A year from now the assessed value of the housing market will reflect 2020, per Windermere Vashon's median sale price as of 31 October 2020 was up 13% over last year and Zillow's home value index for mid-range homes has gone up 9.5% year over year. Superintendent Jensen says it will be a set principal payment at the end of the year with interest payments during the year which is more of a traditional loan.

Commissioner Noble is in favor of the \$0.588 levy rate. She mentions last year when the district was having all this discussion, they assumed that health care systems would have money and there would be competitive bidding in response to the district's Request for Proposal. Another assumption was that Granny's would be part of the picture for additional funding. The district did not assume the world would be consumed by a pandemic that is affecting everything. The health sector has been affected more than others. She thinks it is critical the district is able to guarantee the continuation and support of the clinic without going into debt. She does not like the idea of asking the tax payers to be primarily funding debt as opposed to services. The district cannot assume they will get more money if they ask for additional loans it is not safe to assume this will be available. She points out that this levy is for one year. This year has been so unpredictable. In light of the pandemic health care systems all over the country particularly

in this area are cutting out patient services. People cannot necessarily go off island to get physicals and outpatient care particularly with transportation and the bridge being out, having reliable outpatient primary care on island becomes even more critical.

Commissioner Brown agrees with Commissioner Noble. For her job she talks to a lot of people every day about health care and how they are using it. It is even more important than ever that the clinic is here and she does not want to take the risk for a best-case scenario. She is in favor of the higher levy tax rate of \$0.588. She feels that the district should not go back to the community for a bond.

President Langland explains the difficulties the district faces with a trifecta of challenges. First the debt service that was required to keep Neighborcare on island until a new one could be found that the district will need to figure out how to payback. Second the assessed value which a year ago the district assumed was going to be at the high-end value. Third the unseen unpredictable affects of COVID, what it did to the shrinkage in health care visits, what it has done to people's individual health concerns and what it did to Neighborcare's books that created a subsidy from what the district was expecting at the beginning of the year to be between 1.1M – 1.3M to what it is now which is 1.5M. He is asking for some consideration by the other junior taxing districts affected, mainly the parks, that they partner with the district and shoulder this unknown disaster that the health care district cannot afford to let threaten health care. As a previous local business owner who lived and breathed by a budget there is no way he could endorse the original projected budget before the unknowns came in with a clear mind as a safe budget that guarantees the principles involved and the population that counts on the district. It has too much risk. The proposed amount with the higher levy rate is not proposing a fat cat budget for the health care district that would be an even higher levy amount to aggressively take care of the debt service. But the district is very interested in the parks surviving and thriving at the same time the health care district survives and thrive. He endorses the higher levy amount of \$0.588.

#### 6. Public Input, up to 15 minutes, collectively

Patricia Haley appreciates and respect the commissioners' comments and believes they will get severe backlash with the higher levy amount. She says there are only about 3,000 individuals that use the clinic from the 11,000 people on Vashon and not everyone has access to the clinic as it depends on the individual's health insurance. The health care district will impact the people that use the park and the park district who have already been hurt this past year. She adds that if the higher budget amount is necessary maybe there is something the district can take out of the budget and trim in a couple of areas. It seems to her that Sea Mar should help with the marketing to get people into their clinic because it would be a benefit to them. President Langland answers that when Sea Mar comes into a community, they are usually begged to come to those communities because of that Sea Mar does not have a public relations or promotions entity nor do they have a budget for this. It does not exist within their structure.

Hans Van Dusen commissioner for Parks District starts by saying as a Vashon resident he thanks the board for all the work and time they have put in, as a board member he says that the proposed budget of \$0.588 levy rate would cut \$130,000 from their 1.5M budget a 9% cut which is significant. Their budget has been leaned down and quite trim. They have held back wage increases for their employees and deferred maintenance. He brings up the letter the health care district wrote to the voters stating "the two districts are completely aligned in outcomes of public health". He adds it would be shocking to folks to cut back on

one district whose outcome is public health for another, 80% of the neighbors asked for the parks district to be funded. He would ask the health care district not to bite off one hand to support the other as both districts are on the same mission. He does not think it is in the best interest for the voters and it is not in the best interest of the health care district's mission. There is not \$130,000 to cut from the park district's budget activities, fields and pools would be directly impacted to keep residents healthy.

Mary Bergman hates the position that both districts are in. The \$5.90 is not just the parks and health care district it is not one against the other. She feels the higher budget amount is the way to go and the other two scenarios are best case scenarios and risky. The minute something goes wrong the district will still be in a huge debt. She notes that the higher levy rate could be for only a year and it is only what we know right now. As much as she uses the park and believes in it, she thinks the health care district should be funded in total. She adds that even though she does not use the clinic on the island she is still affected by a poorly funded clinic. Even if there are only 3,000 people using the clinic it affects the whole island as the island rely on each other.

Ron Smothermon thanks the commissioners for their services. He says nobody could have predicted a pandemic. He thanks the board for budgeting money for advertising as he believes it is critical to involve the people to utilize the clinic for the clinic to survive. He asks if the debt service is a line of credit or a standard loan. In last week's meeting it was mentioned as a line of credit and today it is a standard loan. He is favor of the higher levy amount for all the reasons the commissioners have brought up. He uses the parks as well and it is not the same as the health care district, it is not the same as somebody going to the doctor when they become ill. Regarding the fire district's levy, for 27 years their levy was not raised and they almost went bankrupt. He notes that no one can afford to take money away from safety and the health of the island. This is maybe a one-year deal, it probably is not and it might stretch out but it could be eased next year. It is surprising to him that there are only 11 people at tonight's meeting for such a big decision. He adds that the commissioners were voted in to supply a health care district to bring a sustainable clinic which has not been in the past. Regarding the debt service Superintendent Jensen says that he recently learned from King County that the district cannot borrow a line of credit per statute. He and Brad Berg, the district's legal counsel, are working on a revenue anticipation note which allows the district to borrow a set amount of money for a specific length of time with two interest payments and one principal payment a year. Secretary Wolczko adds the original loan was made out as a line of credit until recently when the district asked to borrow an additional \$500,000 with a seven-year term did King County realize that the district could not borrow as a line of credit per statute. He hopes King County will accept and allow the district the additional loan request with a seven-year term once Mr. Berg completes the revenue anticipation note.

Alan Aman asks what the benefits are for the public. He hopes that more than 3,000 people will use the clinic but wonders what the benefits are under the recent performance contract with Sea Mar which is just as important as the levy. He adds that this question can be answered today or in the next few weeks. Commissioner Noble notes that there are so many different things to consider and adds that Sea Mar has only been open for one week. The budget is based on Neighborcare numbers which the district knows the number of patient visits dropped significantly over the last year. She is hoping for a change in the numbers with a different level of service. Sea Mar is very open to suggestions and is indicating looking at ways to meet the request for extended hours, guaranteed walk-in care, bringing in a bilingual provider, bringing

in someone who can be a prescriber for psychotropic medication and they have hired a new physician. People are already seeing a different kind of care. Whether people have their primary care or specialist off island there is still the day to day needs that people have where it could be a 30-minute visit for a minor injury. There will always be a need for episodic care. Commissioner Brown adds that this question can be used as a long-term vision for the board. For example, if the other providers could send their patients for lab work to the clinic that would be a benefit to the public. She thanks Mr. Aman for asking this question as the board can keep this in mind and be able to answer as they go on.

Craig Beles thanks the commissioner for their work and dedication. As a resident of Vashon for 34 years and active in a number of the organizations on the island he advises the board not to under estimate the feelings of many people who heard the health care district say they would not infringe on the park district's budget. The damage on the board's good will could have some lasting ramifications.

President Langland motions to adopt Resolution 2020-9 that sets a levy amount for 2021 Commissioner Brown seconds the motion:

"I move to adopt Resolution 2020-9 that sets a levy amount for 2021 for the Vashon Health Care District for \$1,945,170."

**RESOLUTION 2020-9 APPROVED 4-1**

7. Committee Reports

- a. Staff and Professional Services
- b. Technology and Facilities
- c. Finance
  - i. Voucher Approval, see attached documents

Commissioner Pryne motions to approve account payable vouchers 2020-20 thru 2020-24 Commissioner Brown seconds the motion:

"I move to approve AP vouchers 2020-20 thru 2020-24."

**VOUCHERS APPROVED 5-0**

- ii. Payroll Approval, see attached document

Secretary Wolczko motions to approve pay periods ending 06/30/2020 thru 11/15/2020 Commissioner Pryne seconds the motion:

"I move to approve pay periods ending 06/30/2020 thru 11/15/2020."

**PAYROLL APPROVED 5-0**

- iii. Administrative Director Position Update
  - Approved through budget

- d. External Relations
- 8. New Business
  - a. Committee Structure TABLED

COMMENTS:

Commissioner Pryne motions adjournment and Commissioner Brown seconds the motion:

“I move we adjourn.”

**ADJOURNMENT APPROVED 5-0**

Adjourned at 20:58