

PUBLIC NOTICE

CITY OF ALAMEDA HEALTH CARE DISTRICT BOARD OF DIRECTORS

SPECIAL MEETING AGENDA

Monday, October 14, 2019

CLOSED SESSION: 4:30 PM | OPEN SESSION: 5:30 P.M.

Location:

<p>Closed Session 2 East Board Room</p>	<p>Open Session Dal Cielo Conference Room (Room A)</p>
<p>Alameda Hospital 2070 Clinton Avenue, Alameda, CA 94501</p>	

Office of the Clerk: 510-473-0755

Members of the public who wish to comment on agenda items will be given an opportunity before or during the consideration of each agenda item. Those wishing to comment must complete a speaker card indicating the agenda item that they wish to address and present to the District Clerk. This will ensure your opportunity to speak. Please make your comments clear and concise, limiting your remarks to no more than three (3) minutes.

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I. **Call to Order** (2 East Board Room) Michael Williams

II. **Roll Call** Debi Stebbins

III. **General Public Comments**

IV. **Adjourn into Executive Closed Session** (2 East Board Room)

V. **Closed Session Agenda**

A. Call to Order

B. Report Involving Health Care District Trade Secrets

Health and Safety Code
Section 32106

Govt code Section
54956.9(d)(4)

C. Adjourn into Open Session

VI. **Reconvene to Public Session** (Expected to start at 5:30 p.m. – Dal Cielo Conference Room)

A. Announcements from Closed Session

Michael Williams

General Public Comments

Regular Agenda

YTD AHS Reporting **INFORMATIONAL**

1) Alameda Health System / Alameda Hospital Update & Status
of 2020 Alameda Hospital Seismic Project

Luis Fonseca, COO

(PAGES 4-21)

C. District & Operational Updates **INFORMATIONAL**

1) District Liaison Reports

- a. President's Report Michael Williams
- ✓ b. District – City of Alameda Subcommittee Draft Minutes Michael Williams
ENCLOSURE (PAGES 22-23)
- c. Alameda Health System Board Liaison Report Tracy Jensen
- d. Alameda Hospital Liaison Report Robert Deutsch
- ✓ e. Executive Director Report and Board Updates Debi Stebbins
ENCLOSURE (PAGES 24-26)

D. Consent Agenda **ACTION ITEM**

- ✓ 1) Acceptance of Minutes of August 6, 2019 **ENCLOSURE (PAGES 27-37)**

E. Action Items

- 1) Acceptance of Financial Statements, July and August, 2019 **(to be distributed)**
- ✓ 2) Acceptance of Annual Audit Report from JWT and Associates for FY 2018-2019 **ENCLOSURE (PAGES 38-54)**
- ✓ 3) Approval of Direct Deposit for Executive Director Compensation **ENCLOSURE (PAGES 55)**
- 4) Acceptance of FY 2019-2020 District Budget by AHS **(to be distributed)**
- ✓ 5) Recommendation to Approve April 2019 Parcel Tax Installment Distribution to AHS **ENCLOSURE (PAGES 56)**
- ✓ 6) Proposed District Board of Directors Meeting Schedule for 2019-2020 **ENCLOSURE (PAGES 57)**

F. December 9, 2019 Agenda Preview

Debi Stebbins

INFORMATIONAL - SUBJECT TO CHANGE

Action Items

- 1) Acceptance of October 14, 2019 Minutes

- 2) Acceptance of Financial Statements: September and October, 2019

Informational Items:

- 1) YTD AHS Reporting (CAO/Hospital, Quality, Financial, Medical Staff Reports)

IX. General Public Comments

X. Board Comment

XI. Adjournment

<p>Next Scheduled Meeting Dates (2nd Monday, every other month or as scheduled) December 9, 2019</p>	<p>Open Session 5:30 PM Dal Cielo Conference Room Alameda Hospital</p>
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COO Report

City of Alameda Health Care District Board of Directors Report
October 14, 2019

Financial Report

- Gross Patient Service Revenue (charges) – *under* budget by \$6.9 million or 2.4% in August and 3.1% in YTD, due to lower inpatient and outpatient volume.
- Net Patient Service Revenue (NPSR) – slightly *above* budget by \$0.3 million or 0.5% in the month, and 4.2% in YTD.
- The Collection % - NPSR was 18.7% and higher than budget, 17.4%
- Supplemental Revenue – *under budget* by 2.4% budget in the month and \$1.1 million or 1.7% in YTD.

	August 2019				Year-To-Date				FY 2019	
	Actual	Budget	Vari	% Vari	Actual	Budget	Vari	% Vari	YTD	% Vari
Inpatient service revenue	\$159,112	\$165,627	\$(6,515)	(3.9)%	\$320,841	\$329,190	\$(8,349)	(2.5)%	\$338,915	(5.3)%
Outpatient service revenue	92,706	93,925	(1,218)	(1.3)%	178,548	184,075	(5,527)	(3.0)%	191,727	(6.9)%
Professional service revenue	30,302	29,474	828	2.8%	59,310	63,148	(3,838)	(6.1)%	57,019	4.0%
Gross patient service revenue	282,120	289,026	(6,905)	(2.4)%	558,699	576,413	(17,714)	(3.1)%	587,660	(4.9)%
Deductions from revenues	(234,801)	(242,342)	7,541	3.1%	(460,848)	(483,582)	22,734	4.7%	(487,482)	(5.5)%
Capitation and HPAC	3,431	3,812	(381)	(10.0)%	6,863	7,624	(761)	(10.0)%	5,943	15.5%
Net patient service revenue	50,750	50,495	255	0.5%	104,714	100,454	4,260	4.2%	106,122	(1.3)%
Medi-Cal Waiver	7,884	7,884	(0)	(0.0)%	15,767	15,767	(0)	(0.0)%	19,082	(17.4)%
Measure A, Parcel Tax, Other Support	10,024	10,223	(200)	(2.0)%	20,047	20,446	(399)	(2.0)%	19,883	0.8%
Supplemental Programs	10,791	11,648	(857)	(7.4)%	21,577	23,243	(1,666)	(7.2)%	22,330	(3.4)%
Grants & Research Protocol	678	551	127	23.0%	1,353	1,109	244	22.0%	1,030	31.4%
Other Operating Revenue	1,845	1,694	151	8.9%	4,159	3,432	727	21.2%	3,738	11.3%
Supplemental revenue	31,221	32,000	(778)	(2.4)%	62,904	63,999	(1,095)	(1.7)%	66,063	(4.8)%
Net operating revenue	81,971	82,495	(524)	(0.6)%	167,618	164,453	3,165	1.9%	172,185	(2.7)%
Collection % - NPSR	18.0%	17.5%	0.5%		18.7%	17.4%	1.3%		18.1%	
Collection % - Total	29.1%	28.5%	0.5%		30.0%	28.5%	1.5%		29.3%	

- Salary/Wages and Registry – *under* budget by \$2.1 million or 4.6% in August, mainly due to low volume and less overtime usage. YTD variance was below budget by \$2.6 million or 2.8% and was consistent with 3.7% variance in FTEs.
- Total Operating Expenses – *under* budget by 3.3% in August and 0.9% in YTD
- FTEs – below budget in August by 182 FTE’s or 4.1% and 162 FTEs or 3.7% in YTD.
- Paid FTE’s per adjusted occupied bed – *under* by 3.9% and 2.1% in YTD.

	August 2019				Year-To-Date				FY 2019	
	Actual	Budget	Vari	% Vari	Actual	Budget	Vari	% Vari	YTD	% Vari
Salaries and wages	41,430	45,106	(3,676)	(8.2)%	84,661	90,109	(5,447)	(6.0)%	82,711	2.4%
Registry	3,054	1,502	1,552	103.3%	5,840	3,003	2,837	94.5%	4,205	38.9%
Employee benefits	15,402	15,153	249	1.6%	32,955	30,293	2,662	8.8%	30,598	7.7%
Contracted physician services	7,566	7,391	175	2.4%	14,981	14,782	199	1.3%	15,471	(3.2)%
Purchased services	5,534	5,674	(140)	(2.5)%	11,339	11,347	(8)	(0.1)%	11,767	(3.6)%
Pharmaceuticals	2,533	2,441	93	3.8%	5,129	4,859	270	5.6%	4,483	14.4%
Medical Supplies	2,928	3,293	(364)	(11.1)%	5,824	6,375	(551)	(8.6)%	5,421	7.4%
Materials and supplies	1,416	1,544	(127)	(8.2)%	2,981	3,084	(103)	(3.4)%	3,136	(5.0)%
Outside medical services	600	351	249	70.9%	1,000	703	297	42.3%	665	50.4%
General & administrative expenses	1,377	1,952	(575)	(29.5)%	2,854	3,904	(1,051)	(26.9)%	3,423	(16.6)%
Repairs/maintenance/utilities	1,801	1,777	24	1.4%	3,559	3,553	6	0.2%	3,615	(1.5)%
Building/equipment leases & rentals	794	781	13	1.7%	1,684	1,562	123	7.9%	1,448	16.3%
Depreciation	1,324	1,723	(399)	(23.2)%	2,550	3,446	(896)	(26.0)%	2,537	0.5%
Total operating expense	85,759	88,686	(2,927)	(3.3)%	175,356	177,019	(1,663)	(0.9)%	169,481	3.5%
Paid full time equivalents (FTE)	4,241	4,423	(182)	(4.1)%	4,252	4,415	(162)	(3.7)%	4,289	(0.9)%
Paid FTE's per adjusted occupied bed	4.2	4.4	(0.2)	(3.9)%	4.3	4.4	(0.1)	(2.1)%	4.2	1.2%
Worked hours per APD	21.1	21.2	(0.1)	(0.6)%	21.0	21.1	(0.1)	(0.6)%	20.5	2.2%

Overall, Patient Activity continues to trend upward

- Acute Patient Days – *above* budget by 1% in August and 14% in YTD.
 - ALOS – *below* budget in August and YTD by 12% and 4% respectively.
- Long Term Care Days –*above* budget in August and YTD by 2%.
 - ALOS *below* budget by 13% and 18% in YTD.
- Emergency Visits – *below* budget by 9% in the month and 8% in YTD.
- Surgery cases – *slightly above* budget by 1% in the month and 15% in YTD.

	August	BUDGET	# VAR	% VAR	YTD	BUDGET	# VAR	% VAR	PYTD	% Var
Acute Discharges	198	171	27	16 %	416	349	67	19 %	392	6 %
Acute Patient Days	873	862	11	1 %	2,033	1,783	250	14 %	2,042	0 %
<i>Average daily census</i>	28.2	27.8	0.4	1 %	32.8	28.8	4.0	14 %	32.9	0 %
<i>Acute Length of Stay</i>	4.4	5.0	(0.6)	(12)%	4.9	5.1	(0.2)	(4)%	5.2	(6)%
Long Term Care Discharges	21	18	3	17 %	46	37	9	24 %	43	7 %
Long Term Care Patient Days	5,442	5,355	87	2 %	10,884	10,715	169	2 %	10,679	2 %
<i>Average daily census</i>	175.5	172.7	2.8	2 %	175.5	172.8	2.7	2 %	172.2	2 %
<i>Long Term Length of Stay</i>	259.1	297.5	(38.4)	(13)%	236.6	289.6	(53.0)	(18)%	248.3	(5)%
Total Urgent & Emergent	1,249	1,380	(131)	(9)%	2,599	2,810	(211)	(8)%	2,790	(7)%
Total Surgeries	196	195	1	1 %	418	365	53	15 %	378	11 %
Total Minutes	16,530	17,338	(808)	(5)%	35,070	32,697	2,373	7 %	32,850	7 %

- Gross Patient Service Revenue – slightly *below* budget by 0.7% in August, but 6% over YTD.
- Salary/Wages and Registry expense – under 0.2% in August. YTD *over* budget by 2.6% and was consistent to 2.3% variance over budget in FTE's.
- Total Expenses – *under* budget by 1.0% in August, but over YTD by 2.7%, mainly due to overtime utilization to handle higher patient volume.

	August 2019				Year-To-Date				FY 2019	
	Actual	Budget	Var	% Var	Actual	Budget	Var	% Var	YTD	% Var
Inpatient service revenue	\$20,661	\$ 20,294	\$ 368	1.8%	\$46,394	\$ 41,743	\$ 4,651	11.1%	\$43,994	5.5%
Outpatient service revenue	10,752	11,352	(599)	(5.3)%	21,354	22,150	(796)	(3.6)%	23,032	(7.3)%
Gross Patient Service Revenue	31,414	31,645	(231)	(0.7)%	67,747	63,902	3,845	6.0%	67,026	1.1%
Salaries and wages	4,670	4,925	(255)	(5.2)%	9,584	9,920	(336)	(3.4)%	9,306	(3.0)%
Registry	384	140	245	175.2%	882	279	603	215.9%	625	(41.0)%
Contracted physician services	-	3	(3)	(100.0)%	-	6	(6)	(100.0)%	-	0.0%
Purchased services	411	444	(32)	(7.3)%	926	887	38	4.3%	1,329	30.3%
Pharmaceuticals	210	222	(12)	(5.4)%	440	423	17	4.0%	287	(53.4)%
Medical Supplies	471	494	(23)	(4.6)%	954	947	8	0.8%	722	(32.3)%
Materials and supplies	215	219	(4)	(1.8)%	433	435	(2)	(0.4)%	439	1.3%
General & administrative expenses	11	43	(32)	(75.4)%	29	86	(56)	(65.9)%	20	(43.4)%
Repairs/maintenance/utilities	132	157	(24)	(15.5)%	234	314	(79)	(25.3)%	335	29.9%
Building/equipment leases & rentals	187	175	12	7.0%	413	349	64	18.3%	390	(5.8)%
Depreciation	144	83	61	73.1%	288	166	121	73.0%	262	(9.7)%
Total operating expense	6,836	6,904	(68)	(1.0)%	14,183	13,812	371	2.7%	13,715	(3.4)%
Expense per APD	\$ 712	\$ 712	\$ 0	0.0%	\$ 752	\$ 722	\$ 30	4.1%	\$ 708	6.3%
Paid full time equivalents (FTE)	565	564	1	0.2%	577	564	13	2.3%	578	(0.1)%
Paid FTE's per AOB	1.82	1.80	0.02	1.1%	1.90	1.83	0.07	3.8%	1.85	2.7%
Worked hours per APD	9.00	8.94	0.06	0.7%	9.32	9.07	0.25	2.7%	9.08	2.6%

AHS Updates - Post Acute

- Post Acute **Surveys / CMS:**
 - The Alameda Post-Acute sites (Park Bridge, South Shore, AH Sub-Acute – 171 licensed beds) have had three surveys as of June 2019, all resulting in very strong outcomes.
 1. Title 22 Survey – completed every 2 years – resulted in 2 minor findings for all three sites.
 2. Federal CMS survey – 14 surveyors conducted this annual survey and there were 3 minor findings (plus the annual deficiency for the square footage waiver at SS – the state average is 12.8 deficiencies per facility).
 3. Life Safety Survey – this annual survey resulted in 5 minor findings for all three sites.
- Facilities continue to be 5 star CMS rated. Epic roll out going smoothly for PA.

Patient Experience Alameda Hospital *July Data*

Patient Experience Data

(9/13/19)

H-CAHPS (YTD N=35)	FY20 GOAL	FY20YTD July	YTD Last Month - June
Rate the Hospital 9-10	57.00	54.30	55.4
Nurses treat with courtesy/respect	75.20	67.20	74.40
Call button help soon as wanted it	53.60	49.20	53.00
Doctors treat with courtesy/respect	75.50	77.20	75.60
Courtesy of person cleaning room ^{^*}	83.00	84.20	82.60
Courtesy of person served food ^{^*}	87.70	81.70	87.80
Care Transition	47.69	33.20	44.60
Hosp staff took pref into account	37.20	21.30	36.80
Good understanding managing health	46.00	30.70	47.20
Understood purpose of taking meds	49.30	47.70	50.00

Data Review

- *Rate the hospital* score decreased by 1.1.
- *Nurses treat with courtesy and respect* decreased.
- *Doctors treat with courtesy and respect* and *Courtesy of person cleaning room* increased.
- Call light help, and courtesy of person serving food decreased.
- Care Transition scores decreased.

Action Plan

Metrics with opportunity for improvement	Follow-Up Actions	Date of Completion	Identified Barriers/ Challenges
Rate the Hospital and key drivers	<ul style="list-style-type: none"> • Presentation to Auxiliary by VP of Patient Care Services to increase engagement of Patient Experience • Continue engagement and training of GIFT and No Pass Zone to departments not trained to date. • Posting and discussion of HCAHPS data including comments with staff; use negative comments for action planning • Surgery and Emergency departments monitoring and using data and comments for staff discussion and improvement • Nursing implementation of medication education sheets for patients • Nurse unit leaders now the champions of Patient experience 	<p>September 2019</p> <p>September 2019</p> <p>ongoing</p> <p>ongoing</p> <p>ongoing</p> <p>ongoing</p>	
Care Transition domain-preferences taken into account in d/c planning	<ul style="list-style-type: none"> • Care Transition Managers to recommit to iRounds to support PRIME - request to prioritize AH 	ongoing	
Provider courtesy and respect	<ul style="list-style-type: none"> • VP PCS sharing patient comments with providers and data to be sent directly to department chairs 	Ongoing	

Facilities Update

October 2019

Project Summary & Updates

- 4 key elements of the SB90 Seismic Compliance and Kitchen Relocation Project. Projects will run sequentially with some overlap.
 - **Make Ready 1 – Occupational Therapy:** Permanent relocation of Occupational Therapy needed to prepare for seismic retrofit.
 - **Make Ready 2 – Environmental Services (“EVS”):** Permanent relocation of EVS needed to prepare for seismic retrofit.
 - **Increment 1 – Seismic Work:** Work to seismically retrofit the West and Stephens Wings of Alameda Hospital.
 - **Increment 2 – Kitchen Relocation:** New construction and relocation of kitchen, dining and associated spaces to the seismically compliant building
- Project work to begin week of October 14.

SB90 Seismic Compliance and Kitchen Relocation Project

Overall Project Budget

Description	Total
Design and Planning	\$2,631,624
Construction Contract with Layton	\$17,707,554
Furniture, Fixtures and Equipment (“FFE”) Funding	\$1,340,848
Owner (AHS) Contingency Funding	1,770,755
Administrative Costs Funding	\$1,730,404
Total: Overall Project Budget	\$25,181,185

AB2190

- Q3 Reports Submitted 10/1/19
- Next Report Due by 1/1/20
- Construction Schedule and Construction Milestones to be submitted to OSHPD in October.
- Meeting Compliance to date

Community Events



Caring for Our Community

Health and Wellness in our Community

- Annual Alameda Hospital Community Health Fair, October 19, 2019
- Red Cross Community Blood Drive, October 25, 2019
- Alameda Hospital Foundation Fall Gala, November 2, 2019
- Alameda Fire Department Toy Drive, November – December 2019
- Alameda Food Bank Holiday Drive, November – December 2019
- Support Community Organization Activities: Alameda Chamber of Commerce, Alameda Boys and Girls Club, Girls Inc. of the Island City

QUESTIONS



MINUTES OF THE SUBCOMMITTEE OF THE CITY COUNCIL AND
ALAMEDA HEALTH CARE DISTRICT BOARD MEETING
Wednesday, September 11, 2019

Attendees: Mayor Marilyn Ezzy-Ashcraft, City Council Member Jim Oddie, Fire Chief Edmond Rodriguez, AHS COO Luis Fonseca, District Board President Michael Williams, District Board Member Robert Deutsch, MD, City Manager Eric Levitt, Asst. City Manager Jerry Boden, Deborah E. Stebbins, District Executive Director

1. Call to Order/General Introduction

Mayor Ezzy-Ashcraft convened the meeting at 4:05 p.m. She asked those in attendance to introduce themselves to the new Asst. City Manager Jerry Boden.

2. Oral Communication Non-Agenda (Public Comment). There were no public comments.

3. Approval of Minutes, Meeting of May 20, 2019. It was noted that the Minutes of the May 20 meeting had inadvertently been left off the agenda. Mr. Oddie brought up a couple of corrections to the minutes. It was agreed to defer the approval of the May 20, 2019 minutes with revisions until the next meeting of the City- District subcommittee.

4. Preparation of Future Subcommittee Agendas. There was discussion of the mechanism by which items are posted to future agendas. It was agreed that there be input into future agendas not only from the two City representatives as well as from other City Council members. Mr. Oddie will solicit input from the other members of the City Council.

5. City/ Issues

4-A. Community Paramedicine Update; Proposed Legislation to Make Community Paramedicine Programs Permanent- SB 944 (Hirschberg); Community Paramedicine Act of 2018 (City)

Chief Rodriguez presented monthly statistics on the use of the Community Paramedicine program between June through August 2019.

The program is serving both patients at risk for readmission and homeless patients in large part due to a reduction in referrals from the hospital. A discussion followed about the decline in the number of social workers and case managers at the hospital. Mr. Fonseca indicated that a new manager of case management has been hired at Alameda Hospital. Mr. Fonseca will provide contact information for the manager to the Chief.

Conversation shifted to the decision by AHS to close the primary care clinic in Alameda as part of the initiatives associated with the FY 2020 budget challenge. Dr. Deutsch noted that the clinic had never been promoted by AHS: the hospitalists at Alameda Hospital were not aware of it; the clinic reportedly did not take uninsured patients and there had been delays in certifying the clinic to take private insurance. Meanwhile Dr. Deutsch indicated there remains a major shortage of primary care on the island.

Mr. Oddie indicated he felt that the clinic had not really been set up to succeed. The current projected closure date is October 1, 2019. He expressed concern that there had been little notice to external audiences and the general community about the existence or the closure of this program.

Chief Rodriguez indicated Assembly Bill 1544 is being considered in the Assemblymen. The bill redefines the scope of practice for paramedics in California. It is experiencing opposition from the California Nurses Association and has been deferred for action till 2020.

6. District Issues

6A. Compliance with 2020 Seismic Standards

Mr. Fonseca updated the committee on the status of the 2020 seismic retrofit project at Alameda Hospital. AHS management has completed a process of finalizing a guaranteed maximum price for the project with Layton construction. AHS has had excellent experience with Layton on the acute care rehab project at San Leandro Hospital. The contract for the project is being brought on September 12 to the AHS Finance Committee for approval. OSHPD has approved the proposed schedule for the

project which, if approved, would begin by January 1, 2020. The projected schedule for the project is close to two years.

Mr. Oddie and Mayor Ezzy-Ashcraft expressed their approval that this is the direction planning by AHS has taken, thereby assuring the continuation of acute care services and an Emergency department beyond 2020. They noted that support for the retention of acute care in Alameda was clear from meetings that had been held over the last several weeks with Senator Skinner, Assemblyman Bonta, and Supervisor Wilma Chan.

6b. Planning for 2030 Seismic Standards

Mr. Williams reported on a recent meeting between the District and AHS leadership to discuss both the 2020 project and planning for the 2030 seismic standards. At that meeting, AHS Chairman DeVries affirmed the commitment of the AHS Board to meet the 2020 seismic standards. In addition, both parties agreed to begin meeting on a regular basis to plan for the configuration of services needed and facility planning after 2020.

Adjournment

There being no further business, the meeting was adjourned at 5:30 pm. City and District staff will confer to set a date for the next Subcommittee meeting.

Respectfully submitted:

Deborah E. Stebbins
Executive Director
City of Alameda Health Care District

CITY OF ALAMEDA HEALTH CARE DISTRICT

October 14, 2019

Memorandum to: Board of Directors
City of Alameda Health Care District

From: Deborah E. Stebbins
Executive Director

SUBJECT: EXECUTIVE DIRECTOR REPORT

Website Development:

The new Website for the District will be activated effective October 14, 2019 and will contain prior Board agenda packets and minutes dating back to 2014. For information prior to 2014, the public will be directed to contact the District office and I will provide information on historical documentation to the requester. I will explain information on the new email addresses for Board members at the October 14 meetin.

Community Events:

The annual Alameda Hospital Foundation will be held on Saturday, October 19 from 9am - 12 noon on the Hospital campus. Flu shots and other screening health exams will be available and members of the District board are encouraged to attend.

The annual Alameda Hospital Foundation gala, A Moonlight Luau, will be held on November 2, 2019 at the Grand Pavilion in Alameda. Dr. William (Steve) Lowery will be honored as the Kate Creedon Award Recipient for 2019. I have booked a table for the District as a sponsor. Please let me know if you and you spouse/partner would like to attend what should be a fun event.

AHS-AH Planning Committee for Beyond 2020:

The first meeting of the Planning Committee for deliberations between AHS and AH for on services and facilities Beyond 2020 will be held on October 21, 2019.

Representatives from AHS will include Trustees Ms. Banerjee, Mr. Peterson and Ms. Jensen with Luis Fonseca as staff. Representatives from the District are slated to include Directors Williams and Codiga with Debi Stebbins as staff. The District plans to submit suggested questions/topics for discussion to AHS prior to the meeting.

Participation in Adaptive Business Leaders (ABL) Roundtable:

I have been a member of a group called Adaptive Business Leaders (ABL) for several years now but have not officially paid dues since I left my role as CEO of Alameda Hospital. This group meets at least two times a month and is comprised of many leaders at the CEO level of various health care related organizations. It has been an excellent way to keep informed of health care trends and to network with other health care leaders. Due to the size of the District I have been able to negotiate a reduced membership fee of \$3500 per year (about one-half of their customary fee). This is within my spending authority and is covered by what we have budgeted for Education this fiscal year. I wanted to make the Board aware of this in case you want to discuss this in more detail.

Commencement of the 2020 Seismic Upgrade Project:

I wanted to express my appreciation to Luis Fonseca, Kristen Thorson and the AHS Board for the approval granted at the September AHS Board meeting for the 2020 Seismic Upgrade project. The project is slated to commence this month. I am sure Mr. Fonseca will provide more detail as a part of his report this month. We have committed to keep the City and other interested parties (especially neighbors of the hospital) apprised of the project milestones and impact on the community.

Insurance Renewals:

During the last couple of months, we have bound coverage through our broker, Alliant Insurance Service for the three categories of coverage maintained by the District

	2020 Annual Premium
Special Liability Insurance Policy (SLIP)	\$16,209
(includes D & O, general liability)	
Property Insurance (HARPP)	32,055
Government Crime Coverage	1,260

With the exception of property insurance, which increased more significantly over the \$24,000 premium last year these premiums were flat from last year. All three are consistent with budgeted amounts for the current fiscal year.

Open Session

Tuesday, August 6, 2019 Regular Meeting

Board Members Present		Legal Counsel Present	Excused / Absent
Michael Williams Robert Deutsch, MD Tracy Jensen	Gayle Codiga Dennis Popalardo	Tom Driscoll	
Submitted by: Debi Stebbins, Executive Director			
Topic	Discussion	Action / Follow-Up	
I. Call to Order	The meeting was called to order at 5:50 p.m.		
II. Roll Call	Roll, had been called prior to the start of the closed session. A quorum of Directors was present.		
III. Report from Closed Session	President Williams noted that there were no actions taken in Closed Session.		
IV. General Public Comments	There were no comments from the general public.		
V.	Regular Agenda		
A. YTD AHS Reporting			
1)	Mr. Fonseca, COO of AHS, presented an update on the System and Alameda Hospital as provided in a power point presentation. Since this is the end of the fiscal year, the financial data provided was	No action taken.	

slightly less comprehensive than prior reports. This will be augmented in the final year end report.

Volumes were favorable to budget in most categories of service, including acute discharges and long term care occupancy. While surgery case volume was below budgeted levels at Alameda Hospital, total surgery minutes was substantially above budget, an indication that the complexity of the surgical cases has increased. He noted that ER volume (about 16,000 visits per year at AH) is slightly below budget, which is consistent with trends at other AHS facilities.

Mr. Fonseca reviewed patient feedback for the AHS as a system and specifically for Alameda Hospital. The System results still fall short of annual goals but are improving. Results are regularly shared with staff and physicians. He reviewed the educational program being conducted to address the results.

In response to patient comments that the call lights did not always work at Alameda Hospital, Mr. Fonseca and the AH staff noted that all call lights have been surveyed and repaired. Nevertheless the system is old and replacement options are being evaluated.

There were questions about the length of stay (LOS) at AH compared to the other AHS facilities. Mr. Fonseca replied that the AH LOS is significantly lower than at Highland Hospital, which reflects lower acuity as well as more complex issues associated with discharge of patients from Highland. Dr. Deutsch noted that the LOS at AH was about 1 day higher than it was before the affiliation, which probably reflects the substantial number of patients who are being transferred to AH from Highland.

Facilities Update:

As requested at the last District Board meeting, Mr. Fonseca had provided written copies of all correspondence from AHS to OSHPD and OSHPD responses in the agenda material. It was noted that despite not being dated, the first two letters to OSHPD had been sent on April 1, 2019. An interim report on the progress of the seismic project was submitted as required on July 1, 2019.

Mr. Fonseca reported that the discussions with the new prospective general contractor, Layton Construction, which was also the contractor for the Acute Rehab project at San Leandro Hospital. The San Leandro project came in on schedule and under budget. There is a master services agreement with Layton and Mr. Fonseca expects that a proposal to engage and proceed with the Alameda Hospital seismic project will be brought for action to the September AHS Board meeting.

As per the OSHPD directives, the seismic retrofit construction must begin by January 1, 2020.

Mr. Fonseca noted that under the able leadership of Mr. Richard Espinoza, the long term care units at AHS underwent many days of survey by 14 surveyors from the State and Federal government. The results were outstanding, with only 2 deficiencies received from the State and 3 minor deficiencies from the Feds. These results reflect the five star rating currently held by the long term care programs.

B.		
1)	District Liaison Repots	
	<p>a. President's Report</p> <p>President Williams reported that he, Director Codiga and Debi Stebbins had met with AHS Trustees DeVries, Peterson and Banerjee as well as CEO Finley, COO Fonseca and in-house counsel, Michael Moye on July 25, 2019. The AHS trustees had indicated their absolute commitment to abiding by the terms of the JPA in terms of complying with their obligation to complete the SB 2190 Seismic requirements.</p> <p>Following extensive discussion between the representatives of AHS and the District, there was agreement that a liaison committee between the two organizations should meet monthly to discuss planning for the 2030 seismic requirements.</p>	No action taken.
	<p>b. Community Liaison Report</p> <p>No report</p>	No action taken.
	<p>c. Alameda Health System Liaison Report</p> <p>Director Jensen provided an update as liaison to the AHS Board of Trustees.</p> <p>Following up on the difficulty AHS management had in formulating a balanced FY 2020 budget, the timeline for budget completion has been extended to August, 2019. There will be no Finance Committee scheduled in August but the budget is expected to go directly to the AHS Board. Mr. Fonseca confirmed that the current budget draft</p>	No action taken.

	<p>shows a loss of approximately \$20 million, down from the original loss of \$100 million.</p>		
	<p>d. Alameda Hospital Liaison Report</p> <p>Director Deutsch updated the Board on the closure of the primary care clinic opened in 2019 in Alameda was a part of the System’s plan to balance the FY 2020 budget. The clinic was seeing only about 20 patients per month, although it had not been well promoted by AHS. Mr.Fonseca noted that all the patients who had been seen in the clinic had been referred to other AHS primary care clinics.</p>		<p>No action taken.</p>
	<p>e. Executive Director Report</p> <p>Mrs. Stebbins reminded the Board members that the Chamber of Commerce sponsored Report from the new alameda City Manager, Erik Levitt, is scheduled for September 20, 2019. The District has reserved a table for 8.</p> <p>She noted that in addition to Director Williams’ report on the meeting with AHS representatives, Trustee DeVries had expressed the impression that the majority of the AHS Board may not want to continue the affiliation with Alameda Hospital after the 2020 seismic obligation is met.</p> <p>She reminded the Board that conflict of interest statements are due from some members as well as bios for the Website. The website should go live within the next month,</p> <p>In response to the request for the next District City Subcommittee meeting, the District attendees chose</p>		<p>No action taken.</p>

	<p>September 11 from 3-4 pm as the best date. Mrs. Stebbins will relay that information to the City staff.</p> <p>Mrs. Stebbins is recruiting for a 16 hour per week administrative assistant.</p> <p>Mrs. Stebbins also indicated that she had heard a great deal of feedback from employees at Alameda about significant worry that the seismic retrofit project would not be completed by AHS, thereby threatening the future of the hospital and hundreds of jobs. She indicated to Mr. Fonseca that there might be a need to consider a communication effort (meetings or written) to update employees on the status of the seismic project.</p>		
C. Consent Agenda			
1)	Acceptance of Minutes of June 24, 2019		
			A motion was made, seconded and carried unanimously to approve the minutes of the board meeting of June 24, 2019.
2)	Acceptance of Minutes of Special Meeting of July 5, 2019		A motion was made, seconded and carried unanimously to approve the minutes of the special board meeting of July 5, 2019.
D. Action Items			
1)	Acceptance of Financial Statements for May and June 2019		A motion was made, seconded and carried unanimously to approve the Financial

	<p>Mrs. Stebbins highlighted some items in the June financials, which she noted were preliminary and were likely to be adjusted as final expenses and revenues attributable to FY 2019 come in in July and August.</p> <p>Professional fees are 204,000 below budget since we have used less consulting services than originally projected in FY 2019.</p> <p>Depreciation and amortization is currently booked at the same level as the prior year, but will be adjusted after the audit is completed.</p> <p>There also is a significant favorable variance in Other expenses largely due to lower election expenses than projected since only one Board seat was a contested election in November 2018.</p> <p>She also noted that a complete check run for FY 2019 was attached to the June financials so that the Board could review all expenditures in detail once a year.</p>		<p>Statements for May and June, 2019.</p>
<p>2)</p>	<p>Approval of Annual Audit Engagement with JWT and Associates for FY 2018-2019.</p> <p>Mrs. Stebbins presented the JWT and Associates proposal for the FY 2018-2019 audit.</p> <p>Although outside the scope of the original audit she also indicated she planned to talk either to Kelly Hohenbrink, our accountant, or JWT to conduct a review of the services of Drysdale Properties in managing our Jaber properties.</p>		<p>A motion was made, seconded and carried to approve engaging JWT and Associates to conduct the annual audit for FY 2018-2019 at a cost of \$10,800.</p>

	<p>3) Annual Election of Officers and Appointment of Liaison Positions:</p> <p>Following discussion, the following of officers and liaison positions was nominated:</p> <table border="0"> <tr> <td>President</td> <td>Mike Williams</td> </tr> <tr> <td>1st Vice President</td> <td>Robert Deutsch. MD</td> </tr> <tr> <td>2nd Vice President</td> <td>Dennis Popalardo</td> </tr> <tr> <td>Secretary</td> <td>Tracy Jensen</td> </tr> <tr> <td>Treasurer</td> <td>Gayle Codiga</td> </tr> <tr> <td>AHS Liaison</td> <td>Tracy Jensen</td> </tr> <tr> <td>Community liaison</td> <td>TBD</td> </tr> <tr> <td>AH Liaison</td> <td>Robert Deutsch. MD</td> </tr> <tr> <td>1st Rep – City Subc</td> <td>Mike Williams</td> </tr> <tr> <td>2nd Rep– City Subc</td> <td>Robert Deutsch. MD</td> </tr> </table> <p>There was some discussion about the Community Liaison position. Over the past year, there have not been community liaison activities so the position has not been an active one. Directors felt that there was a need, perhaps increasing for more communication with the community. Examples might include the League of Women Voters, Rotary, etc. Several Directors expressed a willingness to participate in these venues. More discussion to follow</p>	President	Mike Williams	1 st Vice President	Robert Deutsch. MD	2 nd Vice President	Dennis Popalardo	Secretary	Tracy Jensen	Treasurer	Gayle Codiga	AHS Liaison	Tracy Jensen	Community liaison	TBD	AH Liaison	Robert Deutsch. MD	1 st Rep – City Subc	Mike Williams	2 nd Rep– City Subc	Robert Deutsch. MD		<p>It was moved, seconded and carried to approve the slate of nominations to Officer and Liaison positions for FY 2019-2020.</p>
President	Mike Williams																						
1 st Vice President	Robert Deutsch. MD																						
2 nd Vice President	Dennis Popalardo																						
Secretary	Tracy Jensen																						
Treasurer	Gayle Codiga																						
AHS Liaison	Tracy Jensen																						
Community liaison	TBD																						
AH Liaison	Robert Deutsch. MD																						
1 st Rep – City Subc	Mike Williams																						
2 nd Rep– City Subc	Robert Deutsch. MD																						

<p>4) Approval of Renewal of Executive Director Contract for a one year period with an increase in annual compensation.</p> <p>President Williams explained that at the June 2019 closed session, the Board had completed an evaluation of the Executive Director and is recommending a one-year renewal of the contract with Deborah E. Stebbins Group, LLC at an annual compensation of \$129,000. This reflects the increase in time required of the position.</p> <p>The revised terms of the engagement with the Executive Director will be incorporated into a revised contract.</p>		<p>It was moved, seconded and carried to approve the new terms of the contract with Deborah E. Stebbins Group, LLC for a one year period.</p>
<p>5) Revised Signing Authority Policy</p> <p>Mrs. Stebbins indicated that she had talked about the proposed increase of check signing authority with the District accountant. He had recommending not increasing the signing authority at this time due to its proportionality with the size of the District budget.</p> <p>She recommended tabling this issue at the present time.</p>		<p>It was moved, seconded and carried to table the proposal to change the level of signing authority.</p>
<p>Other Public Comment:</p> <p>Mr. Fonseca requested an opportunity to comment to the Board that he regretted if some of the interactions between the District and AHS had been occasionally adversarily in nature. He indicated he is totally committed to all the facilities comprising AHS, including Alameda Hospital and to providing</p>		

<p>transparency as we go forward with the projects underway.</p> <p>Director Codiga requested that this include communication in advance of decisions such as the recent decision to close the primary care clinic in Alameda</p>			
E. October, 2019 agenda Preview			
Action Items			No action taken.
1)	Acceptance of June 24, 2019 Minutes		
2)	Acceptance of Financial Statements: July and August, 2019		
3)	Status Update on 2020 seismic project		
4)	Presentation of Annual Audit Results		
5)	AHS Approval of Proposed FY 2020 District Budget		
6)	Review of Distribution of Parcel Tax to Alameda Health System		
Information Items:			No action taken.
1)	YTD AHS Reporting (CAO/Hospital, Quality, Financial, Medical Staff Reports)		
V.	General Public Comments		None
VI.	Board Comments		None
VII.	Adjournment	There being no further business, the meeting was adjourned at 7:45 pm	

Approved: _____

DRAFT

Audited Financial Statements
CITY OF ALAMEDA
HEALTH CARE DISTRICT
June 30, 2019

Audited Financial Statements

CITY OF ALAMEDA HEALTH CARE DISTRICT

June 30, 2019

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Management's Discussion and Analysis

CITY OF ALAMEDA HEALTH CARE DISTRICT

June 30, 2019

The District Clerk and Treasurer of the City of Alameda Health Care District (the District) has prepared this annual discussion and analysis in order to provide an overview of the District's performance for the fiscal year ended June 30, 2019 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments*. The intent of this document is to provide additional information on the District's historical financial performance as a whole in addition to providing a prospective look at revenue growth, operating expenses, and capital development plans. This discussion should be reviewed in conjunction with the audited financial statements for the fiscal year ended June 30, 2019 and accompanying notes to the financial statements to enhance one's understanding of the District's financial performance.

Financial Highlights

For the year of operations ending June 30, 2019, the District received \$5,902,625 million in parcel taxes from the County of Alameda and \$199,820 in rental income. The prior year taxes were \$5,920,695 and rental income was \$204,791.

Total District expenses for 2019 were \$1,077,444: (\$220,565 in depreciation and amortization, \$53,178 in interest expense, \$480,378 in professional fees, \$54,593 in insurance and \$268,730 in various other types of expenses. Transfers to the Alameda Health System were \$3.2 million, leaving the District with an increase in net position for the year of \$1,827,721.

Total District expenses for 2018 were \$517,167: (\$249,818 in depreciation and amortization, \$47,945 in interest expense, \$96,006 in professional fees, \$47,368 in insurance and \$76,030 in various other types of expenses. Transfers to the Alameda Health System were \$5.5 million, leaving the District with an increase in net position for the year of \$100,249.

The District continues to operate as a health care district which allows for the continued collection of parcel taxes and certain rental income from which the District will pay operating expenses. Excess earnings are remitted to Alameda Health System (AHS) in order to support the operations of the Alameda Hospital by AHS.

Statements of Net Position

As of June 30, 2019, the District's current assets are comprised of \$2,900,713 in operating cash, \$298,641 in parcel taxes receivable and \$15,276 in prepaid assets. Other assets include cash and cash equivalents of \$725,309 which are restricted for specific purposes, \$2,811,794 of capital assets, net of accumulated depreciation and \$7,470 in debt issue costs. Current liabilities of the District include \$32,688 of current maturities of debt borrowings and \$38,039 of various accounts payable due to certain vendors. Long-term debt borrowings amounted to \$909,558.

Management's Discussion and Analysis

CITY OF ALAMEDA HEALTH CARE DISTRICT

As of June 30, 2018, the District's current assets are comprised of \$1,008,245 in operating cash, \$298,045 in parcel taxes receivable and \$34,364 in prepaid expenses. Other assets include cash and cash equivalents of \$557,671 which are restricted for specific purposes, \$3,030,118 of capital assets, net of accumulated depreciation and \$9,711 in capitalized debt issue costs. Current liabilities of the District include \$31,271 of current maturities of debt borrowings and \$16,000 of various accounts payable due to certain vendors. Long-term debt borrowings amounted to \$939,726.

Statements of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2019 and 2018, the District realized an increase in net position of \$1,827,721 and \$100,249, respectively. The 2019 year approximated budget and expectations.

Next Year's Budget

The District annual budget for 2020 has been set at approximately \$6.0 million in revenue sources. Operating expenses for 2020 are expected to be approximately \$1.4 million which includes depreciation and amortization of \$367,000. Excess earnings will continue to be remitted to AHS to help support the operations of the Alameda Hospital, formerly operated by the District.

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership

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Voice: (559) 431-7708 Fax: (559) 431-7685 Email: rjctcpa@aol.com

Report of Independent Auditors

The Board of Directors
City of Alameda Health Care District
Alameda, California

We have audited the accompanying financial statements of the City of Alameda Health Care District, (the District) which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the District at June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Management's discussion and analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

JW7 & Associates, LLP

Fresno, California
October 3, 2019

Statements of Net Position

CITY OF ALAMEDA HEALTH CARE DISTRICT

	June 30	
	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,900,713	\$ 1,008,285
Other receivables	298,641	298,045
Prepaid expenses and deposits	<u>15,276</u>	<u>34,364</u>
Total current assets	3,214,630	1,340,694
Assets limited as to use	725,309	557,671
Capital assets, net of accumulated depreciation	<u>2,811,794</u>	<u>3,030,118</u>
	6,751,733	4,928,483
Deferred outflows of resources	<u>7,470</u>	<u>9,711</u>
	<u>\$ 6,759,203</u>	<u>\$ 4,938,194</u>
Liabilities		
Current liabilities:		
Current maturities of debt borrowings	\$ 32,688	\$ 31,271
Accounts payable and accrued expenses	<u>38,039</u>	<u>16,000</u>
Total current liabilities	70,727	47,271
Debt borrowings, net of current maturities	<u>909,558</u>	<u>939,726</u>
	980,285	986,997
Net position		
Invested in capital assets, net of related debt	2,811,794	3,030,118
Restricted, by contributors	725,309	557,671
Unrestricted (deficit)	<u>2,241,815</u>	<u>363,408</u>
Total net position	<u>5,778,918</u>	<u>3,951,197</u>
	<u>\$ 6,759,203</u>	<u>\$ 4,938,194</u>

See accompanying notes and auditor's report

Statements of Revenues, Expenses and Changes in Net Position

CITY OF ALAMEDA HEALTH CARE DISTRICT

	Year Ended June 30	
	<u>2019</u>	<u>2018</u>
Operating revenues		
Net patient service revenue		
Other operating revenue	\$ 199,820	\$ 204,791
Total operating revenues	199,820	204,791
Operating expenses		
Professional fees	480,378	96,006
Supplies	26,289	2,646
Purchased services	14,676	25,547
Building and equipment rent	28,187	26,478
Utilities and phone	11,129	10,459
Insurance	54,593	47,368
Depreciation and amortization	220,565	249,818
Other operating expenses	<u>188,449</u>	<u>10,900</u>
Total operating expenses	<u>1,024,266</u>	<u>469,222</u>
Operating loss	(824,446)	(264,431)
Nonoperating revenues (expenses)		
District tax revenues	5,902,625	5,920,695
Investment income		6
Interest expense	(53,178)	(47,945)
Transfers to AHS	<u>(3,197,280)</u>	<u>(5,508,076)</u>
Total nonoperating revenues (expenses)	<u>2,652,167</u>	<u>364,680</u>
Increase in net position	1,827,721	100,249
Net position at beginning of the year	<u>3,951,197</u>	<u>3,850,948</u>
Net position at end of the year	<u>\$ 5,778,918</u>	<u>\$ 3,951,197</u>

See accompanying notes and auditor's report

Statements of Cash Flows

CITY OF ALAMEDA HEALTH CARE DISTRICT

	Year Ended June 30	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from operations, other than patient services	\$ 199,224	\$ 202,526
Cash payments to suppliers and contractors	<u>(762,574)</u>	<u>(205,035)</u>
Net cash (used in) operating activities	(563,350)	(2,509)
Cash flows from noncapital financing activities:		
District tax revenues	5,902,625	5,920,695
Transfers to AHS	<u>(3,197,280)</u>	<u>(5,508,076)</u>
Net cash provided by noncapital financing activities	2,705,345	412,619
Cash flows from capital financing activities:		
Principal payments on debt borrowings	(28,751)	(32,332)
Interest payments on debt borrowings	<u>(53,178)</u>	<u>(47,945)</u>
Net cash (used in) capital financing activities	(81,929)	(80,277)
Cash flows from investing activities:		
Net change in assets limited as to use	(167,638)	196,742
Investment income	<u> </u>	<u> 6</u>
Net cash provided by (used in) investing activities	<u>(167,638)</u>	<u>196,748</u>
Net increase in cash and cash equivalents	1,892,428	526,581
Cash and cash equivalents at beginning of year	<u>1,008,285</u>	<u>481,704</u>
Cash and cash equivalents at end of year	<u>\$ 2,900,713</u>	<u>\$ 1,008,285</u>

See accompanying notes and auditor's report

Statements of Cash Flows (continued)

CITY OF ALAMEDA HEALTH CARE DISTRICT

	Year Ended June 30	
	<u>2019</u>	<u>2018</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss)	\$ (824,446)	\$ (264,431)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	220,565	249,818
Changes in operating assets and liabilities:		
Other receivables	(596)	(2,265)
Prepaid expenses and deposits	19,088	333
Accounts payable and accrued expenses	<u>22,039</u>	<u>14,036</u>
Net cash provided by operating activities	<u>\$ (563,350)</u>	<u>\$ (2,509)</u>

See accompanying notes and auditor's report

CITY OF ALAMEDA HEALTH CARE DISTRICT

June 30, 2019

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES

Reporting Entity: The City of Alameda Health Care District, (d.b.a. Alameda District), heretofore referred to as (the District) is a public entity organized under Local District Law as set forth in the Health and Safety Code of the State of California. The District is a political subdivision of the State of California and is generally not subject to federal or state income taxes. The District is governed by a five-member Board of Directors, elected from within the boundaries of the health care district to specified terms of office. The District is located in Alameda, California.

Through April 30, 2014, the District operated Alameda Hospital (the Hospital), which comprised a 100-bed acute care facility, a 35-bed sub acute unit within the Hospital, a 26-bed skilled nursing facility adjacent to the Hospital campus and another 120-bed skilled nursing facility near the Hospital campus which the District took over operations of in August, 2012. Effective May 1, 2014, operations of the Hospital were turned over to the Alameda Health System (AHS), a public hospital authority created by the Alameda County Board of Supervisors, through a joint powers agreement (the affiliation agreement). Through this affiliation with AHS, the District continues to provide health care services primarily to individuals who reside in the local geographic area.

Basis of Preparation: The accounting policies and financial statements of the District generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

Management's Discussion and Analysis: The management's discussion and analysis is a narrative introduction and analytical overview of the District's financial activities for the year being presented. This analysis is similar to the analysis provided in the annual reports of organizations in the private sector. As stated in the opinion letter, the management's discussion and analysis is not a required part of the financial statements but is supplementary information and therefore not subject to audit procedures or the expression of an opinion on it by auditors.

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments, when present, with an original maturity of a short-term nature or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities are reported at market value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in nonoperating revenues when earned.

Assets Limited as to Use: Assets limited as to use include contributor restricted funds, amounts designated by the Board of Directors for replacement or purchases of capital assets, and other specific purposes, and amounts held by trustees under specified agreements. Assets limited as to use consist primarily of deposits on hand with local banking and investment institutions, and bond trustees.

Risk Management: The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

Capital Assets: Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 40 years for buildings and improvements, and 3 to 10 years for major moveable equipment. The District periodically reviews its capital assets for value impairment. As of June 30, 2019 and 2018, the District has determined that no capital assets are impaired.

Net Position: Net position is presented in three categories. The first category is net position “invested in capital assets, net of related debt”. This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets.

The second category is “restricted” net position. This category consists of externally designated constraints placed on those net position by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation.

CITY OF ALAMEDA HEALTH CARE DISTRICT

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (continued)

The third category is “unrestricted” net position. This category consists of net position that does not meet the definition or criteria of the previous two categories.

District Tax Revenues: The District receives most of its financial support from parcel taxes. These funds are used to support operations and meet required debt service agreements. They are classified as non-operating revenue as the revenue is not directly linked to patient care. Parcel taxes are levied by the County on the District’s behalf during the year, and are intended to help finance the District’s activities during the same year. The County has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Parcel taxes are considered delinquent on the day following each payment due date.

Operating Revenues and Expenses: The District’s statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District’s principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing health care services.

NOTE B - CASH AND CASH EQUIVALENTS

As of June 30, 2019 and 2018, the District had deposits invested in various financial institutions in the form of cash and cash equivalents in the amounts of \$3,626,022 and \$1,565,956 respectively. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for \$250,000 per account that is federally insured.

The CGC and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for deposits. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District’s deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District’s deposits. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District’s total deposits. The pledged securities are held by the pledging financial institution’s trust department in the name of the District.

CITY OF ALAMEDA HEALTH CARE DISTRICT

NOTE C - CONCENTRATION OF CREDIT RISK

District Tax Revenues : The District receives approximately 97% of their revenues from the County of Alameda under the parcel taxing program. These funds are used to support operations and meet required debt service agreements. Parcel taxes are levied by the County on the District's behalf during the year. Parcel taxes are secured by properties within the District, management believes that there is no credit risk associated with these parcel taxes.

Financial Instruments: Financial instruments, potentially subjecting the District to concentrations of credit risk, consist primarily of bank deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000. Although deposits exceed the limit in certain bank accounts, management believes that the risk of loss is minimal due to the high financial quality of the bank with which the District does business. Management further believes that there is no risk of material loss due to concentration of credit risk with regards to investments as the District has no investments in equity funds, closed-end funds, exchange-traded products, or other perceived "at risk" alternatives as of June 30, 2019 and 2018.

NOTE D - OTHER RECEIVABLES

Other receivables as were comprised of the following Alameda County parcel taxes in the amounts of \$298,641 and \$298,045 as of June 30, 2019 and 2018, respectively.

NOTE E - ASSETS LIMITED AS TO USE

Assets limited as to use are related to the Jaber agreement as described in Note F and were comprised of cash and cash equivalents in the amounts of \$725,309 and \$557,671 as of June 30, 2019 and 2018, respectively.

NOTE F - RELATED PARTY TRANSACTIONS

The Alameda Hospital Foundation (the Foundation), has been established as a nonprofit public benefit corporation under the Internal Revenue Code Section 501 c (3) to solicit contributions on behalf of the District. Substantially all funds raised except for funds required for operation of the Foundation, are distributed to the District or held for the benefit of the District. The Foundation's funds, which represent the Foundation's unrestricted resources, are distributed to the District in amounts and in period determined by the Foundation's Board of Trustees, who may also restrict the use of funds for District property and equipment replacement or expansion, reimbursement of expenses, or other specific purposes. Effective May 1, 2014, any further donations by the Foundation will be made directly to AHS according to the affiliation agreement. The Foundation is not considered a component unit of the District as the Foundation, in the absence of donor restrictions, has complete and discretionary control over the amounts, the timing, and the use of its donations to the District and management does not consider the assets material.

Notes to Financial Statements (continued)

CITY OF ALAMEDA HEALTH CARE DISTRICT

NOTE G - CAPITAL ASSETS

The District received two parcels of improved rental-real estate by court order dated December 3, 2003, pursuant to the terms of the Alice M. Jaber 1992 Trust. As successor to the former non-profit Alameda Hospital, the District has agreed to abide by the terms of the Trust Agreement. The Trust Agreement and the will of Alice M. Jaber require the District to account for the property as part of the Abraham Jaber and Mary A. Jaber Memorial Fund. Among other things, the District is prohibited from selling all or any portion of the parcels received until after the death of certain named family members and, if the property is sold, it may not be sold to any descendant, spouse or relative to the third degree of any such descendant of a named family member. The net carrying value of this property is \$965,300 and \$1,002,700 at June 30, 2019 and 2018, respectively. Capital assets as of June 30, 2019 and 2018 were comprised of the following:

	<u>Balance at June 30, 2018</u>	<u>Adjustments & Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2019</u>
Land and land improvements	\$ 1,376,954			\$ 1,376,954
Buildings and improvements	25,519,556			25,519,556
Equipment	3,739,728			3,739,728
Construction-in-progress	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals at historical cost	30,636,238			30,636,238
Less accumulated depreciation	<u>(27,606,120)</u>	<u>(218,324)</u>	<u> </u>	<u>(27,824,444)</u>
Capital assets, net	<u>\$ 3,030,118</u>	<u>\$ (218,324)</u>	<u>\$ </u>	<u>\$ 2,811,794</u>

	<u>Balance at June 30, 2017</u>	<u>Adjustments & Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2018</u>
Land and land improvements	\$ 1,376,954			\$ 1,376,954
Buildings and improvements	25,519,556			25,519,556
Equipment	3,739,728			3,739,728
Construction-in-progress	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals at historical cost	30,636,238			30,636,238
Less accumulated depreciation	<u>(27,358,543)</u>	<u>(247,577)</u>	<u> </u>	<u>(27,606,120)</u>
Capital assets, net	<u>\$ 3,277,695</u>	<u>\$ (247,577)</u>	<u>\$ </u>	<u>\$ 3,030,118</u>

CITY OF ALAMEDA HEALTH CARE DISTRICT

NOTE H - DEBT BORROWINGS

As of June 30, 2019 and 2018 debt borrowings were as follows:

	<u>2019</u>	<u>2018</u>
Note payable to a bank; principal and interest at 4.75% due in monthly installments of \$6,457 through October 15, 2022; collateralized by District property:	\$ 942,246	\$ 970,998
Other debt borrowings	<u>942,246</u>	<u>970,998</u>
Less current maturities of debt borrowings	<u>(32,688)</u>	<u>(31,271)</u>
	<u>\$ 909,558</u>	<u>\$ 939,727</u>

Future principal maturities for debt borrowings for the next succeeding years are: \$32,688 in 2020; \$34,421 in 2021; \$36,115 in 2022; and \$839,022 in 2023.

NOTE I - COMMITMENTS AND CONTINGENCIES

Construction-in-Progress: As of June 30, 2019 and 2018, the District has no commitments under any construction-in-progress projects for various remodeling, major repair, certain expansion projects on the District's premises.

Operating Leases: The District leases various equipment and facilities under operating leases expiring at various dates. Total building and equipment rent expense for the years ended June 30, 2019 and 2018, were \$28,187 and \$26,478, respectively. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2019 and 2018 are not considered material as AHS has assumed responsibility for the significant leases associated with patient care effective May 1, 2014 according to the affiliation agreement. Other District lease or rent agreements that have initial or remaining lease terms in excess of one year are not considered material.

Litigation: The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2019 will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.

Risk Management Insurance Programs: AHS has assumed responsibility for all employee-related insurance programs effective May 1, 2014. The District has purchased tail coverage on other specific types of insurance where appropriate in conjunction with the affiliation agreement in order to prevent any lapse in coverage.

CITY OF ALAMEDA HEALTH CARE DISTRICT

NOTE J - AFFILIATION AGREEMENT

District management had ongoing financial challenges operating a small general acute care District with 24-hour emergency services in this very competitive health care environment. The current and future changes brought about by healthcare reform at both the State and Federal levels, as well as other regulatory requirements and reimbursement reductions greatly compounded the challenges facing the District. Furthermore, the District was in need of capital resources to assist with required seismic retrofits, electronic health record implementation and other deferred facility and equipment replacements. Due to this situation, the District Board of Directors executed an affiliation agreement with a local health care system during the year ended June 30, 2014.

Effective May 1, 2014, operations of the Hospital were turned over to the Alameda Health System (AHS), a public hospital authority created by the Alameda County Board of Supervisors through a joint powers agreement. The agreement called for the transfer of specific assets and liabilities of the District to AHS which were related to the operations of the Alameda Hospital. The District maintained ownership of the Alameda Hospital land and real property (buildings and fixed equipment). The transfer included, without limitation, all cash and other deposits, accounts receivable, personal property (including all supplies, equipment and other fixed assets), intangible property, contractual rights, licenses, intellectual property and claims and causes of action, together with all the rights and privileges in any way belonging thereto, free and clear of all encumbrances. Through this affiliation, the District will continue to support the providing of health care services to those individuals, primarily, who reside in the local geographic area.

Transfers made to AHS related to this affiliation agreement for the year ended June 30, 2019 and 2018 amounted to \$3,197,280 and \$5,508,076, respectively.

NOTE K - SUBSEQUENT EVENTS

Management evaluated the effect of subsequent events on the financial statements through October 3, 2019, the date the financial statements are issued, and determined that there are no material subsequent events that have not been disclosed.

October 14, 2019

Memorandum to: City of Alameda Health Care District
Board of Directors

From: Debi Stebbins
Executive Director

RE: Proposal to Convey Executive Director Compensation via
Direct Deposit

PROPOSED ACTION:

Approve payment of monthly Executive Director compensation via Direct Deposit from Bank of Marin to account of Deborah E. Stebbins Group, LLC.

BACKGROUND:

With the increase in annual compensation for the Executive Director to \$129,000, as approved at the August, 2019 Board meeting, the monthly compensation has increased to \$10,750. This amount exceeds the District policy of requiring two signatures for checks in excess of \$10,000. To avoid the need for obtaining two signatures each month on this check, our accountant has recommended the Board approve a monthly direct deposit to the account maintained in the name of Deborah E. Stebbins Group, LLC at Wells Fargo Bank from Bank of Marin. This is an alternative to a revision of the current policy to a higher amount for requiring two signatures. Our accountant believes the current policy is appropriate for an organization the size of the District and should not be revised.

CITY OF ALAMEDA HEALTH CARE DISTRICT

MEETING DATE: October 14, 2019

TO: City of Alameda Health Care District, Board of Directors

FROM: Deborah E. Stebbins, Executive Director

SUBJECT: Recommendation and Approval of April 2019 Parcel Tax Instalment Transfer to Alameda Health System

Action

Recommendation to transfer the April 2019 parcel tax installment to Alameda Health System in the amount of \$ 2,339,162 via wire transfer.

Background

The April 2019 parcel tax remittance of \$2,639,162 was received on April 15, 2019. I am recommending that the District hold back \$ 300,000 to fund the projected expenses of the District until December 2019 when the next installment of parcel taxes will be received. This hold-back represents estimates of the balance of the District budgeted expenses for October through December 2019 that have yet to be incurred. The total budgeted cash expenses for the District (excluding depreciation and principal payments) for FY 2020 are \$1,026,802.

Note that the next tax installment payment to AHS should be proposed at the February, 2020 Board meeting once information is available about the December, 2019 tax revenue. Also at the February Board meeting, we will true up the total tax installation payments for FY 2019 against the final District operating expenses as confirmed by the 2018-2019 audit results and then seek Board approval to transfer the final true up amount to Alameda Health System.

Cash Flow Projections - General Operating Account

Bank Balance as of 9/30/19	3,046,939
April Install Transfer - Proposed for 10/14/19 Board Meeting	(2,339,162)
<hr/>	
Available Balance after transfer - General Operating Account	707,777
Operating Budget FY 2020 (1,026,802)	1,026,802
YTD Expenses through August 31, 2019	
<hr/>	
(Variance)	

As a reminder, parcel tax installments are received in April, August (\$298,641 in August, 2019) and December of each fiscal year. Each transfer to Alameda Health System requires approval by the District Board. True up occurs after end of fiscal year and Board acceptance of the annual audit.

CITY OF ALAMEDA HEALTH CARE DISTRICT

October 14, 2019

Memorandum to: City of Alameda Health Care District
Board of Directors

From: Debi Stebbins
Executive Director

RE: Proposed Board Meeting Schedule 2019-2020

In accordance with past practice, the regular meetings of the Board of Directors for the balance of 2019 and for 2020 are as follows. Please review your calendars and we will discuss the need for rescheduling any of the proposed dates due to Board member conflicts.

Major Action Items

2019

Monday, December 9

2020

Monday, February 10 December Tax Installment to AHS
True-Up Tax Distribution to AHS

Monday, April 13 Review and Approval District FY 20-21 Budget
Review Annual Audit Engagement

Monday, June 8 Adoption of Parcel Tax Levy resolution
Review and Approval of 2019-2020 Parcel Tax Budget

Monday, August 10 Mutual Certification and Indemnification with County
Review of FY 2020-2021 Insurance Renewals

Monday, October 12 Review and Acceptance of FY 2019-2020 Audit
Review of CY 2021 Meeting Calendar

Monday, December 14