



# Peninsula Health Care District

## **BOARD OF DIRECTORS REGULAR MEETING Thursday, June 24, 2010**

The Board of Directors of the Peninsula Health Care District was called to order on Thursday, June 24, 2010 at 17:45 hours at the San Mateo City Hall Council Chambers, 330 West 20<sup>th</sup> Avenue, San Mateo.

**ROLL CALL:** On roll call there were present Rick Navarro, MD, Vice-Chair and Acting Chair, Don Newman, MD, Past Chair, Helen Galligan, RN, Secretary, and Larry Cappel, PhD, Treasurer. [Dan Ulliyot, MD, Chair was on an excused absence]

**Also present were:** Cheryl A. Fama, Chief Executive Officer, Colin Coffey, General Legal Counsel, and Jan Matejcek, District Administrative Assistant.

**CONSENT CALENDAR:** The Consent Calendar consisting of the Closed Session Minutes for May 27, 2010, Regular Session minutes for May 27, 2010, the Treasurer's Report, and the unaudited Financial Statement for May 31, 2010 was presented.

**Vice-Chair Navarro** asked the if the Directors had reviewed the proposed revisions to the minutes that were distributed via email with printed copies available in front of them; all responded affirmatively. He then asked if there was any discussion. There was none.

***DIRECTOR NEWMAN MOVED AND DIRECTOR CAPPEL SECONDED THE MOTION TO APPROVE THE CONSENT CALENDAR WITH THE REVISED MINUTES FOR THE REGULAR 5/27/10 MEETING AS DISTRIBUTED. THE MOTION CARRIED UNANIMOUSLY.***

### **EDUCATION TOPIC: "SAN MATEO COUNTY 5 YEAR PLAN FOR CHILDHOOD OBESITY"**

**Sara T. Mayer, Director of Health Policy and Planning Unit for the County Health Department** was introduced. [Her presentation is appended to and made a part of these minutes.]

**Ms. Mayer** summarized the background work that launched the broad-based, organized attack on childhood obesity that has been carried out around the county for the past five years. This work, the strategies, and the progress have been captured in a new brochure which has just been published; Ms. Mayer stated that the PHCD is the first public audience to receive copies. Ms. Mayer then spoke about the framework for implementation of the strategies. Health is about more than healthcare; 70% of what constitutes health is about environments: sub-urban versus urban, fast food outlets versus fresh vegetable stores, demographics, etc. People in the suburbs normally weigh more than people in urban areas because they drive more and walk less. Life expectancy is the best measure of the public's health. Since 1900, life expectancy has been steadily increasing from just under 50 to over 75 years of age. However, there is a disparity between the longest and shortest lives - people in more affluent areas living longer. "The greatest predictor of health in our county is the resident's zip code". Ms. Mayer spoke about "life years lost" which is far greater in the African-American community.

***Today's children are the first generation in the history of the United States who are not predicted to live longer than their parents. The single greatest factor contributing to this is obesity.***

She then showed graphs demonstrating the increasing obesity trends in the U.S. from 1991 through 2007. By 2007, which is the latest data available, there are states with 30% obesity rates. In the last ten years,

Type II adult diabetes has doubled – a significant health indicator related to obesity. Today 25% of the children in San Mateo County are obese and there are populations within the County where that is upwards of 35%.

San Mateo County's work started in 2004 under the leadership of Supervisor Rose Jacobs- Gibson, hosting a Healthy Communities Summit and asking the question - What are we going to do about this issue? This began a year-long planning process resulting in the Prevention of Childhood Obesity Initiative later renamed *Get Healthy San Mateo County*.

In 2010, the commitment of the Board of Supervisors was reaffirmed with an updated 5-year plan. It recognizes that the vast majority of what constitutes health is outside the realm of healthcare. The plan has two key drivers:

**Framework Part I - Behaviors:** Focuses on unhealthy behaviors that have become part of daily routines and are impacting health. As an example, Ms. Mayer reported that if a store nearby sells fruits and vegetables, you're more likely to buy and eat healthy foods. If fast food restaurants dominate a neighborhood, then it is highly likely that fast food will be a greater part of that community's food source than in neighborhoods with few fast food facilities.

**Framework Part II - Health Equity** – Emphasizes the need to focus on all populations and factors. What are all the factors in our community that influence health? What can we do to make it easy to be healthy? Ms. Mayer went over the three strategies and gave an example of what can be done in each:

- 1) Increase access to healthy food and beverages- restrict the density of fast food restaurants.
- 2) Increase everyday physical activity- improve safe pathways to encourage walking & biking.
- 3) Improve food and physical activity in the school environment- eliminate soda.

She then went over how the county is keeping the participants in *Get Healthy San Mateo* connected and up to date on these issues using email blasts, website, general meetings- 2x a year and convening's throughout the year.

### **Questions & Ms. Mayer's answers**

**Director Cappel** asked if school districts have been mobilized to become functionally involved in this program and cited school facilities that are not accessible to children after school. **Ms. Mayer** stated two things have occurred to help in this regard. Four years ago the state passed legislation that 1) required every school to have a school wellness policy that addressed food and activity and, 2) made grant funding available to hire and maintain a position dedicated to overseeing the programs in the schools. Through the *Get Healthy San Mateo* work, it has been observed that the schools that do the best job of carrying out the intent of this legislation are those with a dedicated food service director and a dedicated wellness coordinator. As for making facilities available, Daly City is a leader in opening playground facilities and they achieved this through a productive partnership between the recreation department and the school district. Much of the problem is a "nuts and bolts issue" – no lights and who will make themselves available to open up the gates, clean up, lock up, etc. Budget cuts just made this more difficult.

**Vice Chair Navarro** stated that there seems to be a very dramatic difference between the 1970's and today in the incidence of obesity. Is there something specific that we can point to that occurred in the 1970's to begin this trend? **Ms. Mayer** responded that there are a number of contributing factors such as "supersizing" servings/lack of portion control, a general lack of physical activity, and the increased numbers moving to the suburbs requiring more automobile transportation and less walking.

**Vice Chair Navarro** thanked Ms. Mayer for her presentation.

**ORAL COMMUNICATIONS:**

**Mr. Mark Hudak, San Mateo** a member of the School Board for the San Mateo-Foster City School District and counsel to the Sequoia Healthcare District read from a prepared statement requesting that, in light of the public school budget cutbacks dictated by Sacramento, the PHCD consider a modification of its Strategic Plan to create a funding initiative to direct more support into the school health programs. He cited the recent action taken by the Sequoia Healthcare District. [Mr. Hudak's statement is appended to and made a part of these minutes.]

**Vice Chair Navarro** thanked Mr. Hudak for his statement and asked if there were any other oral communications.

**Director Newman** introduced an item that came to his attention too late for this meeting's agenda; he asked that it be placed on the Board's next meeting agenda. The item concerns the proposed Sutter Health branding strategy for the new hospital facility that everybody knows as Mills-Peninsula Hospital. He passed out a sheet showing the proposed name and signage. He expressed concern that the new brand may obscure the current name and he thinks it very important to maintain the similarity in names between the Peninsula Health Care District and Mills-Peninsula Hospital, which reflects the long association he does not think the Board wants to lose. He apologized to the Directors because he was instrumental in negotiating the Master Agreement between the hospital and Sutter/Mills-Peninsula and naming and branding were totally left out. **Director Newman** brought copies for anyone in the audience wishing one.

**COMMITTEE REPORTS:**

**Long Term Planning**, Chair Ulyot, Committee Chair: No meeting.

**Sutter Health Oversight**, Director Newman, Committee Chair: No meeting.

**Building Committee:** **Director Newman** reported on the meeting this week. There are 500 workers/day this month working on the facility in order to get it done by the target opening date. There will be substantial completion of the facility at the end of August and a request for a state OSHPD review in September. An opening in December looks like the target now. Demolition of the original hospital has gone out to bid. It's a very exciting meeting each month and, ultimately the community is going to have a beautiful new hospital - hopefully with the right name on the exterior so everyone can find it.

**Community Health Investment**, Director Galligan, Committee Chair

**Director Galligan** reported that she and Ms. Fama attended a meeting with the American Cancer Society's Relay for Life committee and presented them with a twenty-five hundred dollar check in support of their event to be held July 31<sup>st</sup> through August 1<sup>st</sup> at Mills High School. Director Galligan and Ms. Fama also attended the Sequoia Healthcare District's (SHD) annual grant presentation event. SHD gave \$2M out to 36 organizations, only four of which were the same as PHCD grant recipients. Of note, SHD's \$2M does not include the Children's Health Initiative or the Samuel Merritt Nursing Program which are both big ticket items, so Sequoia's total giving is a significantly more than \$2M. Five-thousand dollars of the CEO Discretionary fund was used to purchase three automatic electronic defibrillators (AED's) for the new San Mateo Police Department; we are planning a presentation opportunity which hopefully some of our Directors will be able to attend. **Director Galligan** stated that because the Discretionary Fund was mentioned she wanted to remind the Board that the CEO does have a Discretionary Fund which can be used up to \$5,000 per event and then anything over that would require a Directors approval. Director Galligan and Ms. Fama also attended a recent Women's Recovery Association Board Meeting at which a former client spoke about her chemical dependency /abuse issues and how the program helped her successfully establish independence for herself and daughter. The WRA Board presented PHCD a plaque in recognition of its continued support. [Director Galligan held up the plaque.]

**CEO REPORT:**

***Strategic planning update:*** Ms. Fama noted that Ms. Mayer's presentation is part of the Board's environmental scan phase of its strategic planning process. All of the information and materials shared by the Board's community education speakers will be consolidated in a binder as reference materials for the planning process. The Sustainable San Mateo County's annual report was another resource document recently distributed to each Director. Stakeholder interviews will be conducted during the first quarter of our new fiscal year.

***Appletree Dental Care model:*** Dr. Helgeson, founder and CEO of Appletree Dental, will be the education speaker at the Board's July 22<sup>nd</sup> Board meeting. Dr. Gregory, Director, Samaritan House Dental Clinics, Co-Chair San Mateo County Oral Health Access Coalition and the Chair of MPHS Senior Focus, and Tippy Irwin from the Ombudsman program have been helpful in getting the word out to the community. Our goal is to invite a broad range of stakeholders to hear and interact with Dr. Helgeson. A reception is planned immediately following the Board meeting to allow the Directors, dental community, and residential facility operators more time with Dr. Helgeson.

***Community Activities report:*** Ms. Fama referred to the Board of Supervisors' new Community Health Reform Advocacy Committee and distributed recently received documents describing the committee's function, participants, and first agenda. The stated purpose of the committee is education and public outreach, legislative analysis, advocacy and funding related to the new health reform.

**Vice Chair Navarro** asked if there were any questions of Ms. Fama. There were none.

**OLD BUSINESS:**

**Proposed Budget For FY 2011:**

**Vice Chair Navarro** referenced the interesting and vigorous discussion the Board engaged in at the last meeting trying to achieve consensus on a budget for 2011. **Vice Chair Navarro** asked Ms. Fama to review the proposed budget once again. **Ms. Fama** directed the Board's attention to two documents distributed in the Board packet:

- 1) The memo outlining the Board's 4-year reserve fund performance, 2007 -2010, relative to growth targets developed by Verite consulting and other financial advisors, and adopted by the Board in 2007 and reviewed and updated in 2009. She noted that these targets were developed after long study and many months of deliberations during the 2007 strategic planning process. The targets were used to set the Board's finance policy and guide the Board's spending decisions to allow for growing reserves to meet future financial obligations for the hospital on District land and to be prepared in the event of a paramount default by Sutter Health. Annual additions to the fund have met the target each of the last four fiscal years.
- 2) An Operating Budget Schedule presenting data for FY's '08, '09 and '10, and three different budget proposals for FY '11:
  - a. Proposed budget as presented at the May 27<sup>th</sup> meeting
  - b. Revision 1 that adjusts revenues to keep budget flat to actual, increases legal fees due to recent activity related to the Guardian lawsuit, keeps Community Health Investment budget at \$2,150,000 (higher than prior years due to MD recruitment loan), and reduces consulting and outreach expenses by \$60,000. Net change: an increase of \$293,000 to Board fund for a total of \$3,176,190. (Target: \$3,030,752)
  - c. Revision 2 that adjusts revenues and legal fees as in Revision 1, makes deeper reductions in consulting and outreach than Revision 1, brings Community Health Investment budget back to \$2,000,000 (Absorbs MD recruitment loan amount into this line item), and reduces a number of other operating line items. Net change from budget proposed May 27<sup>th</sup>: an increase of \$528,500 to Board fund for a total of \$3,411,690.

**Ms. Fama** referenced a point raised at the last Board meeting – the District’s interest income has been running well behind anticipated budget projections and yet budgeted expenses are going up – this should be a time to be more frugal in District spending. She commented that the Board’s finance policy allows for the annual operating expense budget to be up to 10% of the amount of the Board’s assets at the end of the prior fiscal year. Actual budgets have consistently been well below the allowable expense targets. This lower spending rate, along with increased lease revenues, has allowed the Board’s reserve fund to continue to achieve targets. She also noted that the increases in the proposed 2011 budget expenses over prior years are due to election costs, the employee pension benefit, and a physician recruitment loan.

**Vice Chair Navarro** asked how in 2009, when the District lost \$900,000 due to the Lehmann Bros./County fiasco, the District managed to put one million dollars more in the reserves. **Ms. Fama** responded that the profit reflects the sale of 1848/50 El Camino Real. **Vice Chair Navarro** reiterated, so even in the bad interest rate environment, we’re putting in more money than our Strategic Plan calls for. **Ms. Fama** responded since 2007 through 2010, yes.

**Ms. Fama** then reviewed the line item detail for each of the three proposed budget variations, describing what contributed to the differences between the cost in each proposal.

In response to the line item for attorney fees to defend against the Peninsula Guardians Lawsuit, **Vice Chair Navarro** asked Mr. Coffey if there is any light at the end of the tunnel. **Mr. Coffey** commented that there has been an ebb and flow to the work related to the process and filings. This recent expense was driven by the new appellate briefing that was filed; it required additional legal research into recent rulings. **Vice Navarro** thanked Mr. Coffey for his remarks.

**Ms. Fama** thanked the Board for their attention during her detailed presentation and reaffirmed that both Revision 1 and 2 will achieve the Board’s target for reserve growth and come well below the 10% spending rate. The difference will be in how much is spent on community outreach, grants, and strategic planning consulting.

**Vice Chair Navarro** opened discussion and called on each Director to comment.

**Director Cappel** commended Ms. Fama for her work on the budget and acknowledged she has spoken with many of the Directors on this since the last meeting. He stated Revision 1 presents a worthwhile effort and it gets us where we need to go relative to the reserve target, where we’re mandated to go, and it provides the community outreach services that we originally wanted to carry out without unnecessary cuts on the service side.

**Director Galligan** stated that she was in favor of Revision 1 and was adamant that money not be taken away from the community grants program for the MD Recruitment Program. The recruitment program has been worked on for years and this is only the second opportunity that has come up to help get a new doctor into the area. She did not want to see the community grants program suffer because of this one-time expense. She also noted, historically, that the full amount approved to be given out has not been fully utilized. We addressed part of the problem this year by requesting the Community Health Network for the Underserved (CHNU) to free up \$122,000, or 1/3 of its 2010 grant monies, because it was clear due to its complex start up procedures it would not be in a position to use the funds. The Board also allowed the unused nursing loan fund to be rolled into the Discretionary Fund. The CHNU-OB program is budgeted to use \$366,000 in FY ’11; however, this may not be fully used due to a decrease in pregnancies in the county.

**Director Newman** stated he thought it was important that the real cuts should be in terms of our functioning, rather than the money that goes to the community. The more the Board can reduce overhead, the more it can give to the community and save for protection of the hospital. He noted that there are not a

lot of areas to cut expenses; however, he emphasized that the Board should keep a tight lid on overhead costs, especially outside consulting and travel & meeting expense, throughout this period and for the future. He also pointed out that while everything looks good at this moment, the Board should not be surprised if there are reductions in tax revenues or increased calls for support of community programs.

**Director Cappel** responded those were several good points and he felt comfortable with the expense structure as laid out in Revision 1. He thought it appropriate that “the pencil was sharpened a bit” to produce Revision 1 and committed to “taking a look at that sharpness as we go on”.

***DIRECTOR CAPPEL MOVED AND DIRECTOR GALLIGAN SECONDED APPROVAL OF PROPOSED BUDGET REVISION 1 AS PRESENTED.***

**Public Comment:** **Vice Chair Navarro** asked if there was any public comment. There was none.

**Vice Chair Navarro** commented that based on the economy and what he was seeing in his practice, people are not adding to their family size; therefore, it is possible that a large portion of the CHNU grant could remain unused. He asked Director Cappel how he would like to see this addressed. **Director Cappel** responded that any extra money should remain in the community service budget so the Board truly awards the full amount budgeted- \$2.15M. **Director Galligan** asked for clarification– if the Community Health Investment Committee gets notice that a grant will not be fully utilized, the Committee can then use those budgeted, unused funds for other requests that meet the District criteria. **Director Cappel** replied yes, that is the intent of his motion.

**Director Newman** asked Mr. Coffey’s thoughts about possibly setting up an “emergency fund” budget line item into which any funds not spent in the approved categories, for example consultants or grants, could be transferred and then tapped for community needs. This would make the public aware that the District is aware of the needs of the community and the Board is hoping to provide for the needs as best it can. **Mr. Coffey** stated that dealing with previously designated unspent monies went beyond his scope of expertise and referred the question to Ms. Fama. **Ms. Fama** responded if the Board’s motion is that we are going to commit \$2.15M of the budget to community health investments, recognizing that this includes a physician recruitment, then there are two approaches it can take with this motion: 1) If the full amount is not spent as anticipated, then whatever remains is not spent and adds to the total contributed to the growth of the Board reserve fund. – which is how the Board has handled things in the past; or 2) the Board commits to investing the full \$ 2.15M over the course of the year and if one category does not fully use the amount anticipated, it will be added to the amount awarded by the grants committee (if timing allows), or put it in the discretionary fund.

**Director Cappel** stated that if there are unused, budgeted community health investment funds and the Committee identifies a worthwhile entity that could use the funds, the Committee will have the discretion to use those funds. If there isn’t an identified need that meets District criteria, then the money rolls back. He stated that it was the intent of his motion that the Committee has the authority to spend the full amount budgeted; whether or not it all gets spent is immaterial. He emphasized that what matters is that we are committed to giving to the community while keeping overhead expenses down. That is what the community wants to see us do; that’s what we want to see us do.

**Vice Chair Navarro** asked if there was any other discussion. There was none. He noted that the motion was made, seconded, and clarified as follows:

***TO APPROVE THE “REVISION 1” PROPOSED BUDGET AS PRESENTED AND TO GIVE THE COMMUNITY HEALTH INVESTMENT COMMITTEE THE AUTHORITY TO USE***

***THE TOTAL AMOUNT BUDGETED, \$2.15M, SHOULD AWARDED GRANT FUNDS NOT BE FULLY USED AS PLANNED AND REMAIN AVAILABLE.***

***MOTION MADE BY DIRECTOR CAPPEL, SECONDED BY DIRECTOR GALLIGAN  
AYES: DIRECTORS NAVARRO, NEWMAN, GALLIGAN AND CAPPEL  
ABSENT: DIRECTOR ULLYOT  
THE MOTION CARRIED UNANIMOUSLY.***

**NEW BUSINESS:**

**Resolution 2010-04 -Fixing Date of Election, Requesting Consolidation, Reaffirming Policies**

**Vice Chair Navarro** called on Mr. Coffey to present this agenda item. **Mr. Coffey** explained that every two years about this time the Board is called upon to set a date to hold an election for seats on the five-member District Board. The number of vacant seats shifts from three seats to two seats every two years in order to stagger the terms and bring about those elections in every even numbered year. This year there are three seats up for election in November: Directors Newman, Galligan, and Cappel. The law asks that the District set an election, agree to hold the election, and cover the cost of the election; it also suggests if you desire to consolidate the holding of the election with those of other public agencies in other jurisdictions, that you ask the Board of Supervisors to consolidate your election with the remainder of the local agencies holding elections and that you delegate to the County the ability to undertake your election. The only realm of discretion in this Resolution is the number of words used in the candidates' statements and whether the District agrees to pay for the cost of the candidates' statements to be included on the ballot. Historically, this Board's policy has been that each candidate will pay the cost of preparing his or her own statement and each candidate's statement shall be limited to no more than 200 words. Mr. Coffey asked if there were any questions. There were none. **Vice Chair Navarro** asked if there was any discussion. There was none.

***DIRECTOR NEWMAN MOVED AND DIRECTOR GALLIGAN SECONDED TO APPROVE RESOLUTION 2010-04: FIXING DATE OF ELECTION, REQUESTING CONSOLIDATION WITH STATEWIDE GENERAL ELECTION, SETTING FORTH OFFICE TO BE FILLED, REAFFIRMING POLICY ON CANDIDATES' STATEMENTS, AND DIRECTING THE SECRETARY AS TO CERTAIN NECESSARY MATTERS. THE MOTION CARRIED UNANIMOUSLY.***

**Fixed Asset Transition Plan:**

**Treasurer Cappel** reported that he and Ms. Fama have been meeting with representatives from MPHS Administration for about 6 months to establish a plan for the appropriate disposal of District assets that will not be used in the new hospital; a concrete plan is now in place. The bottom line goal is to ensure that the intent of the Master Agreement is carried out and that any value that should go to the District is received by the District.

**CORRESPONDENCE/MEDIA:**

Highlighted were the following:

- News article re: Burlingame School District's approval to purchase Hoover School
- Letter from a recent RN graduate and District Loan recipient that beautifully described her commitment to Nursing and appreciation of the District's help.
- News article re: Marin General transition from Sutter back to the healthcare district's governance. **Mr. Coffey**, legal counsel to the Marin District Board, added that the Marin Healthcare District Board will be meeting at 12:01 AM on July 1<sup>st</sup> to appoint its senior executive team and empower them to "flip the switches" and take over the running of the hospital.

- Announcement about a number of upcoming events, especially the Burlingame (August 7 & 8) and Millbrae (September 4 & 5) street fairs. Ms. Fama will be signing up volunteers to help in the booths and expressed the hope that all the Directors will be able to participate.

**ADJOURNMENT:**

**The meeting was adjourned by Vice Chair Navarro at 19:18 hours.**

**By:**

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**Jan Matejcik, Administrative Assistant**

**Approved:**

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**Helen C. Galligan, Secretary**

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**Daniel J. Ulyot, M.D., Chair**