

WASHOE COUNTY DISTRICT BOARD OF HEALTH MEETING MINUTES



Members

Matt Smith, Chair
Kitty Jung, Vice Chair
Denis Humphreys
Sharon Zadra
Julia Ratti
Dr. George Hess
David Silverman
Kevin Dick, District Health Officer

Thursday, March 6, 2014
1:00 p.m.

Washoe County Administration Complex
Health District South Conference Room
1001 East Ninth Street
Reno, NV

The Washoe County District Board of Health met in special session on Thursday, March 6, 2014, in the Health Department South Conference room, 1001 East Ninth Street, Reno, Nevada.

1. Determination of Quorum

Chair Smith called the meeting to order at 1:00 p.m. Mr. Silverman led the pledge to the flag.

2. Roll Call

The following Members and staff were present:

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| Members present: | Chair Matt Smith David Silverman Dr. George Hess Denis Humphreys Julia Ratti (arrived at 1:20 p.m.) |
| Members absent: | Vice Chair Kitty Jung Sharon Zadra |
| Staff present: | Kevin Dick, District Health Officer Leslie Admirand, Deputy District Attorney Charlene Albee, AQM Division Director Steve Kutz, CCHS Division Director Robert Sack, EHS Division Director Eileen Stickney, AHSO Randall Todd, DrPH, EPHP Division Director Erin Dixon, Fiscal Compliance Officer, AHS Patsy Buxton, Fiscal Compliance Officer, AHS Dawn Spinola, Administrative Secretary/Recording Secretary |

3. Public Comment

As there was no one wishing to speak, **Chair Smith closed the public comment period.**

4. Approval/Deletions to Agenda

Dr. Humphreys moved to approve the agenda for the March 6, 2014, District Board of Health meeting. Mr. Silverman seconded the motion which carried four in favor and none opposed.

5. Presentation and Possible Approval/Amendments to the Fiscal Year 15 Washoe County Health District Budget, with Revenues Budgeted at \$8,820,038, General Fund Transfer of \$10,538,327, and Expenditures Budgeted at \$19,571,771.

Mr. Dick explained the budget being presented was preliminary and would be undergoing revision. The Health District was required to submit a budget to the County within a time frame that allowed the County to meet its deadline to submit the overall budget to the State. He noted that it was typical for the Health District to start with an initial budget and make adjustments as more financial data becomes available.

Mr. Dick pointed out the current situation was unusual in that the Fiscal Year (FY) 2014 budget was based on spending down the FY13 Ending Fund Balance (EFB). The FY14 budget year had been adopted with an FY14 Ending Fund Balance of approximately \$276,000. The District Board of Health took action to adopt the Department Fee Schedule at 25% of the Indirect Cost Rate rather than 100% of the Indirect Cost Rate. That action resulted in a negative FY 14 EFB projection of approximately \$3,700. Mr. Dick explained expenses had been handled frugally. The cost of the Fundamental Review (FR) was \$80,000.00 and he opined it was a worthwhile investment for the Health District. He noted open positions had been held vacant. This will provide an Ending Fund balance of approximately \$460,000.00 that can be used during for FY 15.

Mr. Dick explained the District will still need to request additional funding from the County through the General Fund transfer. It was not yet known to what level the County would be able to support the FY15 budget. He would make the case that the Health District needed financial stability to be able to move forward with the suggestions from the FR team, working on both revenue generation and cost control.

Mr. Dick passed out and explained graphs that showed revenues and expenses (Exhibit A). From 2008 through 2013, health revenues declined 16 percent. The County transfer has declined 34 percent during that same period. 2013 was the first year the Health District was charged for the County Wide Cost Allocation Plan (COWCAP). In 2013 the Health District expended \$550,000.00 on COWCAP and the County had provided a subsidy to cover the remaining balance.

Mr. Dick further noted that between 2008-2013 the Health District expenditures declined 19 percent and revenue declined by 25 percent. The ending fund balance had to be spent down to cover the deficit. The Health District would be moving forward with suggestions to increase revenue and analyze programs to uncover cost-control opportunities.

Mr. Dick explained the current budget was developed to continue the services that are being provided, with the same funding levels. The exceptions included expanding the Emergency Medical Services (EMS) program to provide EMS oversight, which progresses the Health District down the path towards regional oversight. Improved customer service and access to Vital Records and Immunizations is another goal. He opined this, as well as clinical services billing improvements, would provide increased revenue opportunities.

Mr. Dick reiterated the integration of the Women, Infants and Children's (WIC) Program into Clinical and Community Health Services (CCHS) Division allowed the opportunity to provide necessary health services to mothers and families as they are coming in for their WIC appointments. Currently,

immunizations are not offered on Tuesdays and Thursdays, so being open five days a week is one aspect of the improved service delivery plan.

Dr. Hess asked if the terms GF and County Transfer were synonymous. Mr. Dick stated they were. Dr. Hess asked why the numbers were different. Mr. Dick explained the \$8.6 million included the amount the County was subsidizing, so \$2 million was transferred and normalized out. He reiterated the Health District had paid \$550,000.00 of the indirect cost in FY13. Ms. Stickney explained that in FY13 COWCAP were not shown in a lump sum because they had been allocated back to each of the program areas. Dr. Hess opined this method was very confusing and offered to provide a worksheet that could be used next year to make the numbers easier to understand.

Mr. Dick clarified the amount the County had contributed to the Health District for FY13 was approximately \$6.6 million plus approximately \$2 million for COWCAP, for a total of approximately \$8.6 million. He pointed out that until FY13, the County paid for COWCAP so there had been no need for the Health District to include it in the budget or for the County to provide the extra \$2 million.

Dr Hess expressed his concern that the COWCAP was distributed among Divisions so it appeared as though the numbers did not match. Additionally, he found the headings confusing. Mr. Dick acknowledged his concerns but explained that was how the County's system is set up, so the Health District is limited in the ways it can compile and present the information.

Dr. Hess presented and reviewed a list of challenges he had experienced with the budget format and his suggestions for future improvements (Exhibit B).

[Ms. Ratti arrived at 1:20 p.m.]

Chair Smith also acknowledged Dr. Hess' frustration and noted he had spent quite a bit of time in the County Manager's office attempting to understand it all. In time, it became clear to him. The problem is the entire COWCAP does not show in one place. Additionally, the amount that will be charged to the Health District for COWCAP for the next budget year has yet to be established. He would like to see the County establish a firm amount, because the current situation allows the Board of County Commissioners (BCC) to arrive at a number at will.

Ms. Stickney requested the opportunity to respond to some of Dr. Hess' concerns and thanked him for his input. She explained that the Per Capita sheet was alphabetized in one place and sorted by GF transfer in another at Commissioner Jung's request. She reiterated the columns could be resorted and retitled in whatever way was the most useful for him.

Ms. Stickney asked Chair Smith if he would like her to go ahead with the budget presentation as it may answer some questions the Board had. Chair Smith indicated she should proceed.

Ms. Stickney thanked Ms. Buxton and Ms. Dixon for their assistance with the budget and introduced Ms. Heenan of Finance.

Ms. Stickney proceeded to introduce the proposed FY 2015 budget. She reiterated the numbers were still being negotiated due to the factors Mr. Dick had noted. She explained the Health District works closely with Finance to resolve variances and arrive at a recommendation that will become their FY15 budget. Ms. Stickney stated a more updated picture will be presented to the Board at their regularly-scheduled meeting of March 27.

Ms. Stickney reviewed the budget (Exhibit C) and pointed out numerous prudent details. The Health District is a Special Revenue fund with some revenues restricted for specific purposes and all revenues and expenditures accounted for within the budget. The County does not acquire any excess funds. The Interlocal Agreement requires that the BCC adopt a final budget and that the Health District prepare their budget in the same format and within the same time frame as other County departments.

Ms. Stickney noted Mr. Dick would present the budget as approved by the District Board of Health (DBOH) to the BCC on April 14, 2014. She explained budget preparation assumptions were essentially the same as in past years, with appropriate increases and decreases for permit fees and service charges

projected for FY15 using current year to date actuals. Grant revenue from Federal and State sources are projected as status quo, with adjustments made throughout the year at the direction of the DBOH.

Ms. Stickney stated the budget does utilize the ending fund balance from FY14 as an opening fund balance. She noted there would be savings due to the vacant positions, and those funds would be utilized in FY15. Restricted funds are expensed out as though they will be completely depleted by the close of the FY. If they are not depleted they are carried forward.

Ms. Stickney noted Equipment Services is working with the County to refine some of their financial practices. The Health District is charged an asset management fee to manage the fleet. Health District staff is working with Finance and the Fleet Manager to resolve some concerns and the District is also doing an internal review of the fleet to look for efficiencies.

Ms. Stickney explained the requests for reclassifications and new positions. AQM would like to reclassify a Plans, Permits and Applications Aide to Office Support Specialist to bring the position in line with the required duties. CCHS would like to reclassify a vacant Licensed Practical Nurse position to a .6 full-time employee (FTE) Office Assistant II to assist with staffing Immunizations five days a week. The FR recommended additional support for the District Health Officer (DHO), so the budget includes a reclassification of the Public Information Officer (PIO) to a Public Health Communications Program Manager (PHCPM).

Mr. Dick explained the current PIO's position has changed; he is now the sole PIO in the District. He has also taken on Incident Command System training. He has been asked to address the branding and cohesiveness of the communications being issued from the Health District. In answer to a question posed by Ms. Ratti, Mr. Dick confirmed the action was in support of an FR recommendation.

Ms. Ratti requested that any request presented that supported the FR objectives be noted as such.

Ms. Stickney noted the EMS program had a part-time nurse. That position is being eliminated. Epidemiology and Public Health Preparedness (EHP) has requested an Office Assistant II for the Vital Statistics program, allowing that office to be open five days a week, which was a part of the FR recommendation to make services more accessible. CCHS has a nurse at a .9 FTE level that they would like to bring to full-time. The DHO is requesting that a .75 FTE Public Health Nurse that is currently assisting with the Quality Improvement (QI) Initiative be brought up to a full-time position. This is in support of the FR recommendation to improve support of the DHO.

Mr. Dick noted the Public Health Nurse was currently working under CCHS and her QI duties benefitted the entire District, so it made sense to move the position to the office of the DHO.

Ms. Stickney noted the action taken that had created an EMS Oversight program within the Health District. The EMS program formerly had an EMS Coordinator and the part-time nurse position proposed to be eliminated. The proposed staff would be the EMS Coordinator, an EMS Program Manager and a .53 FTE EMS Coordinator.

Ms. Stickney listed several requests for additional funding for services and supplies, to include one for \$20,000.00 from the DHO to support a community health assessment and \$10,372.00 for a software update that will enhance revenue collection and billing. Both are recommended in the FR.

Ms. Stickney provided an overview of the budget book. She pointed out that in FY15 the Administrative Health Services Office (AHS) would be divided into AHS and the Office of the DHO (ODHO). Staffing for the ODHO would include Mr. Dick, the PHCPM, the Quality Improvement Public Health Nurse and an Administrative Secretary.

Ms. Ratti asked if the \$2.8 million Indirect Cost Rate was for last year and Ms. Stickney explained that would be the projected amount to cover COWCAP for FY15. That number may increase because the COWCAP has not yet been finalized. The amount of \$2.8 million that was received for FY14 was being utilized as a placeholder for budget development until the actual number for FY15 was received.

Ms. Ratti suggested a bit more labeling on the Per Capita Sheet would help to make things more clear.

Ms. Stickney continued her overview of the budget book. She pointed out WIC has been moved to CCHS organizationally, but the financial portion has not. That will be changed before the FY15 budget is adopted.

Ms. Stickney noted the major divisional highlights as follows:

- 1) AHS – WIC moving to CCHS and the \$20,000.00 request for the community health assessment;
- 2) Air Quality Management (AQM) – most of the grants and charges for permits and services are flat, changes in leadership have allowed vacancy savings;
- 3) CCHS – grants fluctuating, revenues for services increasing, increase in advertising costs, staff transitions and vacancy savings somewhat offset by overfills;
- 4) Environmental Health Services (EHS) – revenues decreasing slightly, HazMat grant terminated, expecting credit for vehicles;
- 5) EPHP – grant reductions, review of Vital Statistics revenues.

Ms. Stickney reiterated the Board had taken action to adopt the Department Fee Schedule at 25 percent and the programs had utilized cost control measures to keep expenditures in balance with the revenues received at that level. The District had absorbed the Cost of Living Adjustments (COLA) provided to employees by keeping vacancies open and asking current employees to handle heavier workloads.

Mr. Dick added on to Ms. Stickney's comments about the COLA, reiterating the uncertainty regarding how much the GF transfer would be. The District is holding a number of positions vacant because it does not seem prudent to fill the positions with FY14 dollars if those dollars may not be available in FY15. The dollars saved would be used to supplement the FY15 budget. He noted it was not an ideal situation because the District is short-staffed in critical areas and services are being impacted.

Dr. Humphreys noted an increase in Asset Management costs over the past three years and questioned whether the District had incurred that much of an increase in costs over that time period. He asked if the Asset Management cost increase was due to actual District cost increases or just to County revenue shortfall. Ms. Heenan explained the Equipment Services (ES) fund is facing the same situation as the Health fund; it has to do with the overhead. They need to recoup costs incurred by COWCAP.

Ms. Ratti opined that meant the Health District was being charged for COWCAP twice. Ms. Heenan explained the same items were not being charged twice. Ms. Ratti pointed out Health had reduced expenditures to balance the budget, while ES was just passing their portion of the debt down to the customers it serves. Ms. Heenan explained how ES had trimmed their budget to meet the challenge so the overall charges to the other departments are not as onerous as they may seem. At Ms. Ratti's request, Ms. Heenan listed the areas that were covered by COWCAP. She explained the County was exploring the possibility of direct charging for those services.

Dr. Humphreys asked if the funds set aside for EMS were just to get it started or if that would be a set amount. Mr. Dick explained the amount was based on initial staffing projections. The functions and workflows had yet to be established, so it was an estimate. Over the course of the next year it will be determined whether the anticipated level of staffing will be enough. The goal was to start small and build as necessary.

Dr. Humphreys asked if Health would be carrying all of the EMS expenses. Mr. Dick explained Health would pay for all except 12.5 percent that would be paid by REMSA.

Ms. Ratti noted an increase in the transfer request and asked if the County's overall fiscal status had been considered. Ms. Stickney reiterated the numbers would be changing and she was aware that other departments were also making above-base requests. Ms. Heenan explained the County is anticipating a slight revenue increase in FY15, which will be offset by a 3 percent COLA and increased insurance costs. She confirmed that almost every department was asking for budget increases and the County was hoping it could find the money to fund some of the requests.

Ms. Ratti opined that if the County's budget was essentially flat, it was unlikely the Health District would receive the increased funding it was requesting, and asked what happens then. Mr. Dick explained

the ending fund balances had helped to cover the District's portion of COWCAP in prior years. Those were now spent down, requiring an increase in the subsidy payment from the County. With a few minor exceptions, the Health District budget being proposed was essentially flat.

Dr. Hess opined the District should prepare for a worst-case scenario in case the full amount requested was not granted. Ms. Stickney noted there was room in the budget to reduce expenditures and increase revenues. Dr. Hess asked how decisions would be made regarding cuts and prioritizations if that became necessary. Ms. Stickney stated staff would take direction from the Board.

Ms. Heenan explained the departments would present their budgets to the BCC during the first two weeks in April. The Finance department will then meet with the County Manager to review the requests and the Manager will develop recommendations that he will take to the BCC. By April 15, the County should know how much of the requests can be funded. It is anticipated that there will be \$10 million in requests and that full amount is not available. At that point the Health District will be informed of the exact transfer amount. Ms. Heenan opined the final number would be somewhere in between the +/- \$8 million requested in the previous years and the +/- \$10 million being requested this year.

Ms. Stickney confirmed the Board would be receiving updates during the regularly-scheduled meetings. She reiterated that the Interlocal Agreement (ILA) required them to adopt a proposed budget within certain timelines.

Dr. Hess opined the Board would be discussing cuts at the April meeting, since the final numbers would have been provided to the Health District by then. He asked when that process needed to be completed so the budget could go back to the BCC and on to the State. Ms. Stickney explained April 15 was the deadline for a tentative budget and the County's deadline for final budget submittal to the State was June 1. She opined the Board would need to provide direction to staff at the April meeting.

Ms. Heenan noted the final budget was presented to the BCC for adoption on the third Monday in May. All final budgets must be submitted to Finance before the first of May. Mr. Dick explained staff would either need to make adjustments and bring them to the Board at the April meeting or another meeting would need to be scheduled. He reiterated the numbers were still fluid and would be more refined by the March 27 meeting. He opined the County wished to support the District but agreed with Dr. Hess that it was unlikely the entire request amount would be granted.

Ms. Stickney suggested an otherwise light April agenda so there was adequate time for discussion of final budget issues.

Ms. Ratti opined the Health District budget requests had not been well-received in the past few years and asked if there was a way to demonstrate the District had made every attempt to increase revenue and decrease expenses in an attempt to be good partners in the process. She asked what the net number of new positions was and Ms. Stickney replied it was 2.08 FTEs. Ms. Ratti explained she was trying to find a way to avoid giving the BCC reason to look too closely at the number of small funding requests and potentially overlooking the fact the increased request had to do with subsidizing COWCAP.

Ms. Heenan explained the Health District's requests were reasonable and in line with what most of the other departments were requesting. Ms. Ratti asked if the addition of the two FTEs included EMS and Mr. Dick said it did. The net increase in staffing, when factoring out EMS, was approximately .5 FTE.

Mr. Dick stated the meeting with the City and County managers, required by the ILA, had been held the prior morning. The feedback was that it was a much more collegial meeting than the last. He had provided an overview of accomplishments, a major one being the Regional Emergency Medical Services Authority (REMSA) negotiations and EMS oversight. Acting Sparks City Manager Steve Driscoll complemented the Health District's engagement in the process and opined the relationship between the Health District and REMSA was perceived by the jurisdictions much differently now. Mr. Driscoll was encouraged by the emphasis on the FR recommendation of a community health assessment and its place in the progression towards a strategic plan.

Further discussion included noting the District's favorable position with regards to funding support from the County. It was suggested that if there were an ending fund balance it should be used to support an initiative. Mr. Dick's choice would be to use the funds for the Special Projects position in the OHDO noted earlier. The staff member in that position would help support the community health assessment and the strategic plan. He would also like to see more funding for staffing for the Sexually Transmitted Disease and Chronic Disease programs.

Mr. Dick had explained the staffing situation and the reason for the request for an additional staff member in Vital Statistics to Mr. Slaughter. He noted it was unknown as to how much traffic may increase once that office is open five days a week but felt it was worth the experiment to find out if that action creates a significant revenue increase. Mr. Slaughter asked about the Mosquito Abatement program, noting the FR had targeted it for potential reductions. The program was under review for potential scaling back but it was important to note that mosquito abatement was supported in some areas by Special Assessment Districts. While there may be cost savings, there was a potential for more citizen complaints.

Mr. Dick noted Mr. Slaughter had asked why Immunizations was proposed to be available five days a week at this time. Mr. Dick explained it had primarily to do with efficiencies gained by treating people when they were at the Health District rather than staff driving to the patient's location and quite often finding the patient is not there. Staff was being reallocated to cover the additional hours, so the Health District was not seeking additional funding for that. It also potentially provided an opportunity for more revenue collection.

Mr. Dick further explained they had discussed the indirect cost rate recovery that is being collected through grants. The Health District has increased the indirect costs but there are limitations to what can be collected. Increases in indirect cost rates lead to reductions in program revenue. He clarified the salary increases shown in the budget were due to the COLA.

Dr. Hess stated he was having difficulty correlating the programs to the organizational charts. Ms. Stickney explained the sections were divided alphabetically. The first section showed the overall division and the next showed individual cost areas. Dr. Hess suggested a legend or index would be helpful when attempting to cross-reference. Ms. Stickney explained funding for a staff member may come from one source or may be split. The organization chart is the reporting structure and an individual staff member may be assigned to multiple programs.

Mr. Dick suggested two organizational charts, one showing reporting structure and another that was a functional diagram identifying what programs are supervised in that area. Ms. Ratti noted there was no linear method to make cuts simpler. Because the Health District is funded by grants that are highly designated and also by GF dollars, eliminating a position did not always cleanly help with a GF problem. Staff that remained after cuts were allocated different duties and were paid from different funding sources than they were before. There is no real linear person-to-funding tie.

Dr. Hess noted some programs showed only costs with no revenues. Ms. Ratti pointed out that some income sources are flexible and can be allocated to fund the programs. Flexibility is limited due to the fact a substantial portion of the District's revenues come from grants that can only be used for certain things. Ms. Stickney noted AHS and CCHS are funded by GF dollars, even though a grant administered by AHS would indicate the division is bringing in revenue. The distribution of GF versus permit fees and charges in EHS and AQM has shifted, indicating a potential opportunity to rely less on GF dollars. This would provide more budget flexibility.

Mr. Dick acknowledged there were program budgets that did not show revenue and noted the EMS fund as an example. The bottom line showed the revenue source as the GF. The bottom line in all areas was the GF dollars, whether it be the difference between revenues and expenses or if it was fully funded that way. Ms. Stickney noted Vital Statistics did not use any GFs but they brought in revenue in excess of their expenditures.

Dr. Humphreys opined it should be recognized that the increases in the request were due to the FR recommendations and the Health District was working to reestablish areas of programs that had been cut.

Dr. Humphreys moved to approve the Fiscal Year 2015 budget as presented. The motion was seconded by Ms. Ratti and passed by a vote of five in favor and none against.

6. Board Comment

None.

7. Emergency Items

None.

8. *Public Comment

None.

9. Adjournment

At 3:07 p.m., Mr. Humphreys moved to adjourn. Ms. Ratti seconded the motion which was approved five in favor and none opposed.

Respectfully submitted,



Kevin Dick
District Health Officer



Dawn Spinola, Administrative Secretary/Recording Secretary

Approved by Board in session on April 24, 2014.