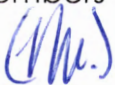


Kenai Peninsula Borough
Office of the Borough Clerk

MEMORANDUM

TO: Brent Johnson, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Michele Turner, Acting Borough Clerk 

DATE: December 13, 2022

RE: Ordinance 2022-19-32: Deobligating Previously Appropriated Project Funds of \$1,522,530 and Appropriating \$659,783 of those Funds for the Expanded Scope of South Peninsula Hospital Nuclear Medicine/Pharmacy/Infusion Renovation Project (Mayor)

Per KPB 22.40.050(F), the borough clerk, or the clerk's designee in his or her absence, has the authority to revise pending resolutions and ordinances prior to assembly action, by filling in any blanks in the legislation stating advisory board recommendations made concerning the legislation. This serves as our memorandum to advise the assembly of same.

Conforming to the advisory board's actions, the last Whereas clause has been updated to read:

"WHEREAS, at its meeting held on November 10, 2022, the Service Area Board recommended approval of the appropriation of the funding for the project;"

Thank you.

SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD

**VIRTUAL MEETING on ZOOM
Regular Meeting Minutes
November 10, 2022
Devony Lehner, Recording Secretary**

1. – 2. Call to Order / Roll Call

Chair Helen Armstrong called the meeting to order at 6:30 p.m. She requested a roll call.

Present: Helen Armstrong, Kathryn Ault, Willy Dunne, Roberta Highland, Judy Lund, Tim Whip, Amber Cabana, Ralph Broshes, Tim Daugharty

SPHI Staff: Ryan Smith, Angela Hinnegan, Anna Hermanson

3. Introduction of Guests:

- Mike Tupper (Kenai Peninsula Borough Assembly member)

4. Approval of Agenda:

Mr. Dunne noted that a report from him as the SAB's representative on the Facility Master Planning Committee should be a regular item on SAB agendas. There being no objections, this item was added to the agenda as item I under Reports, to be presented by Mr. Dunne.

5. Comments from the Audience:

6. Approval of minutes, Regular SAB meeting of October 13, 2022

MOTION: Ms. Highland moved/Ms. Lund seconded to approve the minutes of the SAB meeting of October 13, 2022, as presented.

DISCUSSION: No discussion.

VOTE: No objections.

MOTION: Passed unanimously.

7. Election of Officers:

MOTION: Mr. Dunne moved/Mr. Whip seconded that the following slate of SAB officers be elected:

- Chair – Helen Armstrong
- Vice-Chair – Roberta Highland
- Treasurer – Judy Lund
- Secretary – Kathryn Ault

DISCUSSION: No discussion.

VOTE: No objections.

MOTION: Passed unanimously.

34 **8. Presentation – no presentation**35 **9. Reports:**36 **A) Committee of the Whole – Devony Lehner, Recording Secretary**

37 Ms. Lehner provided the following summary of the Committee of the Whole meeting:

- 38 • The committee identified a slate of SAB officers to be nominated for election at the regular meeting.
- 39 • Ms. Highland led a review of the January 2022 version of the SAB member manual and encouraged
- 40 SAB members to comment or ask questions.
- 41 • Mike Tupper, Kenai Peninsula Borough Assembly member, expressed his pleasure at being assigned
- 42 as the liaison between the SAB and the assembly.
- 43 • Mr. Dunne asked Mr. Tupper whether there was an update on the land swap between the borough and
- 44 the city, and Mr. Tupper will look into that. Ms. Highland commented that the SAB appreciates
- 45 hearing a summary of the most recent assembly meeting, and Mr. Tupper agreed to start providing that
- 46 at next month's SAB meeting. Ms. Armstrong asked Mr. Tupper to alert her if something comes up
- 47 from the assembly that it would be useful for her to know, and Mr. Tupper agreed to do so.
- 48 • Ms. Highland mentioned that the two new buildings going up near the hospital are being built by Paul
- 49 Raymond and by the Ninilchik Traditional Council.
- 50 • Ms. Armstrong shared that, thanks to public input and the responsiveness of the hospital
- 51 administration, as of today the hospital has changed its mammogram policy. The public can now get
- 52 mammograms at the hospital without a doctor's referral.

53 **B) South Peninsula Hospital CEO – Ryan Smith, CEO**

54 Mr. Smith shared the quarterly report that he had recently presented to the borough assembly. The
 55 following summary outlines that report. (The report itself is included with informational items in the
 56 December 8, 2022, SAB meeting packet.)

- 57 • A summary of the first quarter financials was shared. For the first quarter of FY 2023, Gross Patient
 58 Revenue was slightly higher than in the prior year and Net Income was slightly lower. One reason for
 59 the decrease in net income was that during the first quarter of FY 2023, SPH paid a \$2500 inflationary
 60 bonus to all its employees. Charity Care & Bad Debt were lower than last year, Cash & Cash
 61 Equivalents for both this year and the prior year were about \$42 million.
- 62 • A summary of 10-year financial results was shared, including (a) Salaries, Wages, & Benefits—which
 63 have been high during COVID; (b) Change in Net Position—which was affected by the CARES Act
 64 and other pandemic funding; (c) Cash & Equivalents versus Long-Term Bonds, Leases & Notes
 65 Payable—for SPH, the ratio of *cash and equivalents* to *long-term debt* has gone from about 0.4 to 1,
 66 cash to debt in 2014, to over 4.5 to 1, cash to debt in FY 2023; this indicates that investments in
 67 hospital upgrades is appropriate at this time; and (d) South Kenai Peninsula Hospital Service Area and
 68 Plant Replacement Cash held at KPB—this graphic showed Service Area cash held by the borough
 69 and amounts of both obligated and unobligated Plant Replacement and Expansion Funds (PREF).
- 70 • Patient Satisfaction and Health Outcomes were summarized. These reflect the quality of care at SPH
 71 and patient satisfaction. SPH is rated as a 4-star hospital (there are no 5-star rated hospitals in Alaska).
 72 A number of methods are used nationally to extract rating values for quality of services and patient
 73 satisfaction.
- 74 • Alaska's Health Care Price Transparency Law was summarized. SPH is required by federal and state
 75 law to display in a consumer-friendly format specified shoppable services provided by the hospital.
 76 Failure to do so can lead to federal penalties. A variety of screenshots from the hospital's pricing
 77 website were shared.
- 78 • The Rotary Health Fair was mentioned; SPH and its volunteers did an amazing job. Around 900 labs

were drawn at the hospital before the fair.

- Retirements were highlighted, Marilyn Shroyer retired after 43 years.

In response to Mr. Dunne's question about salaries, wages, and benefits, Mr. Smith noted that the hospital's current collective bargaining agreement with employees runs through December 2023. Next year, the hospital will start negotiating a new 4-year contract. SPH is already seeing inflationary costs affecting negotiations between West Coast hospitals and nurses. Observed increases are daunting.

C) South Peninsula Hospital CFO – Ms. Anna Hermanson, interim CFO

Ms. Hermanson provided a financial report, including the following updates:

- SPH is at about 85 days cash-on-hand at the end of the quarter, compared to 92 days at the end of the previous month. Reduction was in part due to a transfer of 4.7 days cash to the borough in September because end-of-FY22 cash-on-hand exceeded 90 days; payment of the inflationary bonus also reduced cash. PFS Collections brought in \$10.6 million in September, higher than their \$9.3 million average.
- Looking at patient accounts receivable, SPH is at 52 days on average to collect AR; the target is 55 days, so the team performed well.
- Lines 15 and 16 of the balance sheet show the PREF increase due to the cash transfer to the borough.
- Medicare paid more to SPH than actual Medicare costs, so the state is likely to recoup those funds from SPH.
- Revenue was at \$16.4 million, compared to \$16.7 budgeted. The end of September was very busy; patient days were 8 percent above budget, with an average daily census of 15.5, including ops. That didn't translate into revenue—high-end patient revenue is generated by surgeries, for example, and inpatient surgeries were down significantly and below budget because some surgeons went moose hunting. The number of swing med days was high, and those are not high revenue generators. In other words, SPH was busy providing care, just not high-revenue-generating care.
- In September, ER was 20 percent above budget; infusion was 42 percent above budget—nearly record numbers for infusion during September; imaging and some of the clinics were down.
- Long Term Care was at budget, meeting its target for average daily census of 23 patients.
- The Medicaid deduction is shown at \$2.9 million, which is where the \$500,000 of dish funds (disproportionate share hospital funds) is recorded on the statement.
- Net Patient Services revenue was \$8.8 million.
- Net operations loss was \$1.1 million. In particular, salaries and wages were above budget due to the inflationary bonus paid in September (which totaled \$1 million). That bonus was very well received by everyone and much appreciated, it definitely made the staff feel appreciated and happy to work here and support the community.
- General property taxes of \$1.4 million were collected for SPH in September; year-to-date tax income is at 3 million, with about a million left to come in for the year.
- Net income for the month of September was \$246,000, about \$500,000 below budget.

In response to a question from Ms. Armstrong, SPH staff confirmed that Christmas bonuses have in the past been given as Homer Bucks. Use of Homer Bucks is greatly appreciated by the Homer Chamber of Commerce because of how that supports local businesses. Additional businesses have wanted to join the Chamber so that they too could offer Homer Bucks and attract business from the community.

D) SPHI Board of Directors – Beth Wythe

Ms. Wythe was not present.

E) SAB Representative to October 26, 2022, Board of Directors Meeting – Judy Lund

Ms. Lund found the presentation on nuclear medicine absolutely fascinating—the difference in

123 information obtained from x-rays versus nuclear medicine was mind boggling. X-rays take a picture
 124 looking into the body, while nuclear medicine takes a picture looking out using just a tiny bit of material,
 125 and it shows a whole variety of different things. She hopes SPH can become up-to-date in offering
 126 nuclear medicine. The BOD also talked about hospital efforts related to managing sepsis.

127 **F) Kenai Peninsula Borough Assembly Representative – Mike Tupper**

128 Mr. Tupper had nothing to add at that time but would be prepared to summarize assembly business at the
 129 next meeting.

130 **G) SAB Treasurer – Judith Lund**

131 Fiscal year 2023 is just beginning, and the SAB will soon be catching up on the budget.

132 **H) SAB Chair – Helen Armstrong**

133 Ms. Armstrong emphasized her thanks to everybody for doing an awesome job while she was out after her
 134 heart surgery. She also expressed appreciation for the meeting she had with Ms. Hinnegan and Ms.
 135 Hermanson last week about the proposed resolution and other topics. It was a really good meeting.

136 **I) Facility Master Planning (FMP) Steering Committee – Willy Dunne**

137 The FMP steering committee met earlier today; it's been meeting for 6 or 8 months now. Some of the
 138 draft ideas about facilities and parking are now on paper, including construction of a medical office
 139 building and reconfiguring some of the existing hospital space to expand surgery to meet 10-year needs.
 140 The general idea is to locate parking expansion on the west side of Woodard Creek—on the east side of
 141 Karen Hornaday Park where a gravel overflow parking area is now located. Today, John Hedges from the
 142 borough provided a summary of key findings and an overview of goals, as well as ideas on working
 143 together to present these to the assembly and to voters; the focus was on high level planning rather than
 144 specifics. In general, the final product will reflect an expansion of the campus and consolidation of all
 145 external clinics into one office space attached to the hospital—separate from, but attached to, the hospital.
 146 The current idea is to locate that on the west side. Expanding Long-Term Care was also discussed,
 147 reflecting the 10-year growth needs of the hospital; Long-Term Care is predicted to increase by 46
 148 percent, one of the biggest increases in needs. LTC currently has 28 beds, a 45 percent increase would be
 149 over 40 beds.

150 A representative from the borough's planning department attended today's meeting, as did BOD
 151 President Kelly Cooper and KPB Assembly Member Lane Chesley. Mr. Dunne put some things on the
 152 radar, like electric vehicle chargers for employees and maybe incorporating solar panels into any new
 153 construction. The hospital has a tremendous site for solar collection, with over 180 degrees to collect
 154 solar energy—more than that in the summertime.

155 The committee also discussed some of the upgrades that will be needed sooner rather than later, like
 156 the pharmacy and parking. Immediate needs may be addressed before major expansion construction.

157 One concept Mr. Dunne highlighted, which was mentioned by John Hedges, was having 5-year capital
 158 improvement plans in the budget; these 5-year plans could be reviewed and updated annually. They could
 159 be brought to the Service Area Board and the borough assembly even before review of the annual budget,
 160 because annual budgets are often driven by immediate capital needs. He liked the concept of looking
 161 forward and having capital plans reviewed before the budget. He also appreciates the borough's proposal
 162 to look at these more closely ahead of budget time.

163 Mr. Smith added that the FMP steering committee has been working with Architects Alaska on six
 164 goals. The contractor has now developed a report of their findings, which Mr. Hedges summarized today.
 165 But the devil is in the details, and over time, Mr. Hedges will operationalize the “giant elephant” 10-year

166 plan into bite-sized chunks so that the hospital can start really working on some things. “We have a lot of
167 work cut out for us.”

168 Mr. Dunne added that there will be a final draft, but that won’t necessarily be released to the public
169 right away. First, everybody on the steering committee and all the other players, including the SAB,
170 would have a chance to provide input. Mr. Smith hopes the final report will be available in the next
171 couple of months.

172 In response to a question, Mr. Smith explained that the SPH has been working with the city for several
173 years in looking at options for creating hospital parking across Woodard Creek, which would involve
174 using city land. There’s a lot of “emotive content” there to unpack, but the goal would be actually to
175 improve Karen Hornaday Park, for example, road access, sewer and water, and other amenities. There’s a
176 lot yet to be worked out, but considering the “art of the possible,” where else could parking be expanded?
177 The hospital campus can’t expand to the north, south, or east, so on the west offers the only opportunity to
178 expand parking. Ongoing discussions also include what would happen to buildings such as the Homer
179 Medical Clinic when their functions move elsewhere. SPH also has buildings that it would want to raze
180 (for example, a 4-plex), and their services would be moved into vacated buildings.

181 Mr. Dunne added that the city administration has been very open to negotiations. Ms. Ault has heard
182 the comment that whatever is planned, “Don’t touch Karen Hornaday.” Mr. Dunne noted that the FMP
183 steering committee is sensitive to the need to ensure that the public understands and accepts proposed
184 ideas. He mentioned that he’d brought up the idea of creating wildlife-friendly bridges across Woodard
185 Creek Canyon. Improving trails is also something that the public would like to see.

186 **10. Unfinished Business:**

187 **A) All Things Recovery update – Willy Dunne**

188 Mr. Dunne noted that this is an ongoing discussion rather than unfinished business. It will be discussed
189 again in January, as far as funding for ATR. He’s had discussions with Ms. Highland and Ms. Armstrong
190 about goals to accomplish and measurable outcomes. This will be discussed in more detail at next
191 month’s meeting, and there will be a related presentation from the Mat-Su Opioid Task Force. Mr. Dunne
192 reiterated that he’s a volunteer with All Things Recovery and is involved with some of its work groups.
193 Some of these groups did outreach at the Rotary Health Fair, which was really good. The Mat-Su OTF
194 has identified some concrete and specific goals, so it will be useful to hear from Michael Carson, its
195 director, and to learn what they’re doing; we can talk about that next month in more detail.

196 **B) MAPP (Mobilizing for Action through Planning and Partnerships) – Roberta Highland**

197 Ms. Highland wanted to follow up on the presentation Ms. Ferraro gave on MAPP at last month’s
198 Committee of the Whole meeting. Ms. Highland asked if there were any comments or ideas or
199 suggestions, and mentioned that it made sense to discuss these before MAPP funding is considered at the
200 January meeting; MAPP will give a presentation at the January meeting.

201 Mr. Daugharty asked whether a city grant was awarded to administer this year’s community health
202 needs assessment (CHNA). Mr. Dunne reported that the city used a “Healthy and Equitable
203 Communities” grant it had received in order to hire a Pennsylvania contractor for \$30,000 to do this year’s
204 CHNA. Mr. Daugharty asked if that meant that MAPP would not need funding to accomplish this year’s
205 CHNA. Ms. Highland noted that years ago, MAPP realized that doing the CHNA took all its time and
206 energy, and there were many other directions and focuses that MAPP wanted to work on. MAPP realized
207 that it could not do all things, so since then, it has continued doing the general work that it’s been doing
208 for years. She noted that these are the kinds of questions that Ms. Ferraro would be better able to answer.

209 Mr. Dunne provided the following background: The Service Area Board originally proposed funding
210 for MAPP as a mechanism to perform the Community Health Needs Assessment. This process is in

211 conjunction with the hospital, which is required to do this by the IRS. The second Community Health
 212 Needs Assessment was done in 2013, the third in 2016. So MAPP actually did three. [Recording
 213 Secretary’s note: “Mobilizing for Action through Planning and Partnership” is a national model developed
 214 by the National Association of County and City Health Officials in collaboration with the Centers for
 215 Disease Control and Prevention.¹] Mr. Dunne continued that in 2020, SPH contracted with Agnew-Beck,
 216 an Anchorage consultant, to accomplish the 2020 CHNA, which SPH paid for out of its operations budget.
 217 So the SAB money originally was earmarked or intended for providing the CHNA. After completing the
 218 CHNAs, MAPP developed Community Health Improvement Plans (CHIPs)² laying out strategic goals and
 219 tasks to address community health needs identified in the assessment.

220 Mr. Tupper asked whether now that MAPP is no longer doing the CHNAs it has any deliverables. Ms
 221 Highland responded that Ms. Ferraro would be better able to explain this, but it’s her understanding that
 222 every year, MAPP and its partners decide on a direction and focus, and then they pursue that focus
 223 [implement strategies based on that focus]. Then they re-evaluate and decide on another focus [see
 224 graphic in footnote below]. She added that stakeholders involved in MAPP have expressed to her that
 225 they benefit greatly from the partnership, on which Ms. Ferraro gave a very inclusive report last month.
 226 She then asked Ms. Lehner to note any questions asked at this meeting so that Ms. Ferraro could respond
 227 to them. Ms. Lehner mentioned that she had recorded all the presentations at October’s Committee of the
 228 Whole meeting, including Ms. Ferraro’s, and is separating them so that each can be individually uploaded
 229 to YouTube. Ms. Lund added that MAPP will also be making a presentation in January.

230 Mr. Tupper agreed that it’s nice that people feel like MAPP is useful to them, but he wondered if
 231 there’s a way to measure outputs so that SAB can track what MAPP is producing with the grant money it
 232 receives from the SAB. Ms. Hermanson pointed out that that information was part of the report that Ms.
 233 Ferraro gave at the October Committee of the Whole meeting, as well as in the report that Hannah
 234 Gustafson, MAPP coordinator, gave at SAB’s regular September meeting. Ms. Armstrong added that
 235 some of these discussions will be appropriate when SAB considers MAPP’s request for another grant.
 236 Ms. Highland reiterated that it would be beneficial to get any questions answered before the January
 237 meeting so that SAB members would have answers before considering grant approval. Ms. Lund asked if
 238 MAPP is scheduled to be at the December meeting to answer questions, and Ms. Highland answered that
 239 that’s something SAB could request.

240 Mr. Daugharty asked whether SAB puts out an RFP related to funds it provides [to entities like
 241 MAPP]. Ms. Highland answered that SAB awards **grants**; interested parties request funds from the SAB.
 242 She added that a few years ago, SAB developed a grant application process for applicants to follow.

1 The MAPP (Mobilizing for Action through Planning and Partnership) tool was developed by the National Association of County and City Health Officials in collaboration with the Centers for Disease Control and Prevention. ...The MAPP work group vision is “Communities achieving improved health and quality of life by mobilizing partnerships and taking strategic action.” MAPP is targeted to communities, and its goal is to equip them with a structured framework for planning health programs. The MAPP process is centered on community organizing and partnership development and includes four assessments: assessing community themes and strengths, assessing the local public health system, assessing the community’s health status, and assessing the forces of change. Next, MAPP involves the identification of strategic issues, the formulation of goals and strategies, and a continuous cycle of planning, implementation, and evaluation [downloaded on 11/29/22 from <https://www.ncbi.nlm.nih.gov/books/NBK221247/#ddd00231>].



A 4-page MAPP factsheet including the graphic at right can be downloaded at <https://www.naccho.org/uploads/downloadable-resources/Programs/Public-Health-Infrastructure/MAPP-factsheet-system-partners.pdf>.

2 A community health improvement plan (or CHIP) is a long-term, systematic effort to address public health problems based on the results of community health assessment activities and the community health improvement process. A plan is typically updated every three to five years [downloaded on 12/3/22 from <https://www.cdc.gov/publichealthgateway/cf/ia/plan.html>].

243 Mr. Dunne added that MAPP differs from Kachemak Bay Family Planning Clinic in that it is the
 244 hospital that applies for the grant, and then the hospital contracts with a private vendor—currently
 245 G Squared, whose Principal is Hannah Gustafson—to carry out its objectives. The contractor gets paid
 246 through the borough, which gives the money to the hospital, which then pays G Squared; SAB is not
 247 actually contracting directly with G Squared. MAPP is a project of the hospital, so that \$45,000 grant is
 248 awarded to the hospital. The hospital pays that money to G Squared to carry out the program. Mr. Smith
 249 added that the hospital is just a conduit for the Service Area. Mr. Dunne then clarified that over a certain
 250 dollar amount, the borough would require an RFP if it were contracting G Squared, but because the SAB
 251 funding is considered a grant, it doesn't go through the RFP process. He noted that there have been
 252 several different MAPP contractors over the years; Ms. Gustafson has coordinated MAPP for 4 or 5 years.
 253 Ms. Lehner mentioned that Megan Murphy was the first MAPP coordinator. She did it for several years.

254 Ms. Hermanson had on her laptop a copy of MAPP's September 8, 2022, report and presentation,
 255 which was presented to SAB at its September 8 meeting and begins on page 8 of SAB's September 8
 256 packet. She read aloud some of the topics covered in that report, including names of everyone involved
 257 and overall priorities for the coming fiscal year—which will focus on data collection and report
 258 generation for the community health needs assessment, as well as offering community meetings in person
 259 again and establishing a good format for hybrid meetings. The report also shows budget and program
 260 details.

261 Ms. Highland then asked for the wishes of the board on discussing MAPP at the December meeting or
 262 waiting until January. She suggested that because the January meeting already has a large agenda,
 263 answering questions about MAPP would make more sense at the December meeting. Mr. Dunne wanted
 264 it made clear to G Squared (and the hospital) that reports for MAPP and All Things Recovery should be
 265 treated separately and submitted as two different products; otherwise it gets confusing because both
 266 projects are handled by the same contractor. Ms. Highland noted that SAB will know the amounts being
 267 requested at its January meeting, and she again asked if the board would like Ms. Ferraro to attend the
 268 December meeting. Mr. Dunne agreed that there's still some ambiguity and some questions, as well as a
 269 need to be clear on what kind of measurable outcomes and deliverables SAB could expect. Ms. Cabana
 270 also agreed that having Ms. Ferraro present would be a good idea.

271 **C) Memorandum of Understanding (MOU) with SPH, Inc. for printing of SKPHSAB meeting**
 272 **packets – Helen Armstrong**

273 Ms. Armstrong introduced the draft MOU between SAB and SPH for printing services, which SPH would
 274 provide to SAB at a cost of 15 cents per page for black and white copies and 25 cents per page for color,
 275 whether pages were printed single- or double-sided.

276 **MOTION:** Mr. Daugharty moved/Ms. Highland seconded to approve the MOU with SPH, Inc. for
 277 printing of SKPHSAB meeting packets.

278 **DISCUSSION:** Ms. Lehner noted that she had found one typo, shown below—"documents" is duplicated
 279 in the sentence, so the first use of the word is crossed out. She asked to whom to send the corrected
 280 version, and Ms. Hermanson answered to send it to her. There was no further discussion.

Roles and responsibilities

- SKPH Service Area Board is responsible for supplying ~~documents~~ documents to SPH Executive Administrative Assistant printing requests, documents, and instructions with a minimum of 3 days' notice

281 **VOTE:** No objections.

282 **MOTION:** Passed unanimously.

283 **11. New Business:**

284 **A) South Kenai Peninsula Hospital SAB Resolution 2022-09 Approving the Combination of Nuclear**
285 **Medicine and Pharmacy Renovation Projects and Expanding the Scope to include the Infusion**
286 **Clinic**

287 Ms. Armstrong introduced SAB Resolution 2022-09 and read the title to the board. She noted that this
288 resolution has not yet gone to the BOD because its next meeting will not be until December. The
289 language in the resolution reflects anticipation of BOD approval.

290 **MOTION:** Ms. Highland moved/Ms. Lund seconded that SAB adopt Resolution 2022-09 Approving the
291 Combination of Nuclear Medicine and Pharmacy Renovation Projects and Expanding the Scope to
292 include the Infusion Clinic

293 **DISCUSSION:** Mr. Dunne noted that in fiscal year 2022, \$555,000 was obligated for the pharmacy
294 remodel; he asked whether any of that work was begun, and Mr. Smith answered no; those funds are still
295 obligated in Service Area funds. Mr. Dunne also asked for clarification on the full amount requested for
296 nuclear medicine. Ms. Hermanson explained that in the overall budget, the two projects were split out,
297 and some of them were to be covered by Service Area funds and some by PREF monies so that all the
298 needed capital items could be funded. None of these monies were spent. Now the hospital needs to move
299 these three things, and it makes sense to do them together spacewise. It makes sense to move nuclear
300 medicine into the pharmacy, which is right across the hallway from imaging, and then to relocate the
301 pharmacy down into the shell space and put infusion next to it. Right now, during chemotherapy
302 treatments, nurses are having to transport material down the hill to patients because immunocompromised
303 patients were moved out of the hospital during COVID. It makes more sense in terms of best practices for
304 infusion patients to be in the hospital and near the pharmacy.

305 Doing all of these things requires a certificate of need; this necessitates paying for a design and getting
306 a certified cost estimate in order to submit a certificate of need request. Mr. Smith confirmed that
307 additional obligated funds will later be brought back into the process after there's a design. Ms.
308 Hermanson clarified that the design process is needed before construction estimates can be developed.
309 Mr. Smith added that design fees are usually 10-15 percent of the total project cost. He listed numerous
310 functional and logistical concerns and structural and cost constraints that, when considered together, led to
311 identifying this as the best approach to address needs related to nuclear medicine, infusion therapy, and
312 the pharmacy remodel. Other pots of money that are still out there will be combined later to cover the
313 roughly \$6 million cost for constructing the whole project to get nuclear medicine upstairs, the pharmacy
314 down here, and immunocompromised patients back into the hospital—the shell space is a prime location
315 for infusion, where patients can enjoy views and be right next to the pharmacy. John Hedges and Brandi
316 Harbaugh helped draft how SPH could put the monies together to achieve the design piece needed to get a
317 certified cost estimate and submit a certificate of need. The certificate of need has a cost trigger, which
318 Ms. Hermanson thought was about \$1.5 million. Below that amount, no certificate of need is required.
319 Mr. Smith clarified that because SPH did not request a certificate of need when it conducted a major
320 expansion a while ago, it made an agreement with the state that it would request a certificate of need for
321 any future work done in the shell space, regardless of cost. The current arrangement is in that context.

322 Mr. Whip then asked whether this plan fits into the master plan discussed earlier. Mr. Smith
323 confirmed that it does, while at the same time noting that the hospital has been working with Dr. Knapp

324 for the last 3 years in trying to bring nuclear medicine here. Discussions about nuclear medicine began
 325 before the hospital got involved in the master facility planning process, but the hospital has never been
 326 able to find a spot for it. So a location for nuclear medicine was rolled into the facility master planning
 327 process, along with requirements for the pharmacy and infusion. So Mr. Dunne confirmed with Mr. Smith
 328 that \$650,000 is for planning, and then another amount will be needed for actual construction and to move
 329 facilities. Mr. Smith confirmed that although total project costs are expected to be about \$6 million, that
 330 won't be known until SPH pays the design fees to get certified cost estimates, and then that estimate can
 331 be submitted to the state as part of the certificate of need.

332 **VOTE:** Ms. Armstrong called for a voice vote. The following SAB members voted YES to approve
 333 SKPHSAB Resolution 2022-09: Ralph Broshes, Amber Cabana, Tim Daugharty, Tim Whip, Judy Lund,
 334 Roberta Highland, Willy Dunne, Helen Armstrong, and Katherine Ault; there were no NO votes.

335 **MOTION:** Passed unanimously. Ms. Armstrong reiterated that the approved resolution is contingent
 336 upon approval by the Finance Committee and the Board of Directors.

337 **12. Informational Items included in the Packet:**

- 338 • Approved minutes of the September 28, 2022, BOD meeting
- 339 • SIM (Sequential Intercept Model) Mapping Workshop

340 **13. Comments from the Audience – there were no comments**

341 **14. Comments from Board/Staff:**

- 342 • Board members discussed how and when members wanting printed copies of the packet could pick
 343 them up from the hospital. The best solution is to pick them up when arriving for the actual meeting.
- 344 • Board members expressed interest in hearing Dr. Knapp provide an overview on nuclear medicine.
 345 [*Secretary Lehner's addendum: an excerpt from the SAB minutes of March 10, 2022, summarizing the*
 346 *presentation on nuclear medicine made at that meeting by Dr. Knapp is included in informational*
 347 *items included in the packet for the December 8, 2022, SAB meeting.*]

348 **15. Future Agenda Items / Reminders:**

- 349 • November/December BOD meeting – Willy Dunne
- 350 • Continuation of MAPP discussion.
- 351 • Presentation by Mr. Michael Carson, Chair, Mat-Su Opioid Task Force

352 **16. Adjournment:**

353 The meeting was adjourned at 7:54 pm.
 354 Respectfully submitted,

355 _____
 356 Devony Lehner, SAB Recording Secretary

357 Minutes Approved: _____, 2022