

Introduced by: Administration
Date: 1/25/2023
Action: Approved
Vote: Yes -10; No-0; Exc-1

**SOUTH PENINSULA HOSPITAL
BOARD RESOLUTION
2023-01**

**A RESOLUTION OF THE SOUTH PENINSULA HOSPITAL BOARD OF DIRECTORS
APPROVING THE USE OF PLANT REPLACEMENT EXPANSION FUNDS TO FUND
THE PRELIMINARY DESIGN PROJECT FOR HOSPITAL INFRASTRUCTURE
REPLACEMENT AND DEFERRED MAINTENANCE**

WHEREAS, South Peninsula Hospital receives approximately \$2 million in property tax revenue annually to support capital projects; and

WHEREAS, South Peninsula Hospital has generally utilized property tax revenues to improve and replace Major Movable equipment because such revenues are insufficient to fund major building renovation and replacement projects; and

WHEREAS, South Peninsula Hospital's (the Hospital) operating margins have not historically been great enough to support investment in critical building infrastructure replacement and upgrades; and

WHEREAS, because South Peninsula Hospital has not had sufficient funds to maintain and replace critical capital infrastructure, the average age of plant has grown from 8.11 years in 2004 to 15.44 years in 2022; and

WHEREAS, the optimal age of plant for a hospital is 8 years; and

WHEREAS, South Peninsula Hospital has lower Net Fixed Assets in 2022 than it did in 2009, and yet offers more services and supports more patient visits in 2022 than ever before; and

WHEREAS, the average age of plant, decrease in net fixed assets, and increase in patient volumes services requires that South Peninsula Hospital invest in capital infrastructure in order to continue to meet patient needs and organizational goals; and

WHEREAS, the actual cost of necessary infrastructure repairs and deferred maintenance is not known without formal design work; and

WHEREAS, it is estimated that \$250,000 is needed to complete high level project planning and design; and

WHEREAS, the South Peninsula Hospital Board Finance Committee reviewed and approved this resolution at their meeting on January 19, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL:

1. That the South Peninsula Hospital Board of Directors approves the use of \$250,000 from the Plant Replacement and Expansion fund for project design costs associated with hospital infrastructure deferred maintenance replacement and repairs.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA AT ITS MEETING HELD ON THIS 25th DAY OF JANUARY, 2023.

ATTEST:



Julie Woodworth, Board Secretary



Kelly Cooper, Board President