



Dedicated to improving the health and well being of the people in our community.

**El Camino Healthcare District
Fiscal Year 2021 Budget**

Mike Moody, Interim CFO
August 12, 2020

Basis of the El Camino Healthcare District FY 2021 Budget

- *The District budget is first shown in “stand-alone” format, including those transactions which occur at the District level.*
 - This presentation will cover the assumptions driving the District’s budget and will provide information on District–level revenues and expenditures.
 - The budget for El Camino Hospital and its affiliates was reviewed at the hospital’s joint finance committee meeting and special board meeting on July 27th. Those meetings were both noticed on the hospital’s website and were open to the public. Additional information on the budget for El Camino Hospital and its affiliates is available on the hospital’s website (www.elcaminohospital.org).
- *The District budget is also shown in consolidated format in this presentation as it is the District’s responsibility to approve the consolidated budget.*



Major Assumptions – El Camino Healthcare District

Excludes El Camino Hospital & its affiliates

- Other Operating Revenue is based on the existing ground lease agreement.
- This year the Redevelopment Agency revenues were once again budgeted as they continue to be distributed by the County without any lapse in payments in the past years.
- Operating Expenses are based on historical payment information with adjustments made for non-recurring expenses, which for budget FY2021 a placeholder of \$250,000 is projected for the November District Board election costs from the Santa Clara County Registrar of Voters.
- Community Benefit Support fee based on the cost of services as follows:

Community Benefit Staff FY2021		Total Paid FTEs
VP Corp Comm Hlth Svcs		0.25
Director Community Benefit		0.75
Administrative Assistant		1.00
Sr Community Benefit Spec		2.00
Business Coordinator		0.21
Total		4.21
Total Salaries, Wages & Benefits	\$	771,414
Estimated allocation of time at 54% =	\$	416,564

- Supplies and Other Expenses includes modest increases for Direct Mail material, website development, advertising and postage. The District's budgeted dues are expected to remain a constant of LAFCO at an amount of \$25,000 and \$7,000 for California Special Districts Association.
- Expenses related to the G.O. bonds are based on the 2017 G.O. Refunding outcomes and required payment schedules.
- Investment income is based on the expected return rate provided by our Investment Consultant of .09% for FY2021, based on the conservative investment position of the District, on an average cash balance of \$40M.
- Community Benefit expenditures are based on the Community Benefit plan.
- IGT – Medi-Cal (PRIME) program - It is expected that the District/Hospital will participate in the program again this year.



El Camino Healthcare District

Information excludes El Camino Hospital & its affiliates
(in 000s)

Revenues	FY2019 Actual	FY2020 Actual	FY 2021 Budget	Change Favorable / (Unfavorable)	% Change
(A) Other Operating Revenue	96	92	103	11	12.0%
(B) Unrestricted M&O Property Taxes	8,429	8,845	9,221	376	4.3%
(B) Restricted M&O Taxes	8,989	9,676	9,300	(376)	-3.9%
(B) Taxes Levied for Debt Service	9,989	10,493	10,200	(293)	-2.8%
(B) Investment Income (net)	1,307	1,495	359	(1,136)	-124.0%
(B) Other - Redevelopment Agency	268	325	300	(25)	-7.7%
Total Net Revenue	29,078	30,926	29,483	(1,443)	-4.7%
Expenses					
(A) Community Benefit Support	397	397	417	(20)	5.0%
(A) Fees & Purchased Services	232	201	447	(246)	-55.0%
(A) Supplies & Other Expenses	62	45	112	(67)	-59.8%
(A) Depreciation/Amortization/Interest Expense	212	57	53	4	7.5%
(B) G.O. Interest Expense (net)	2,805	2,462	2,770	(308)	-11.1%
(B) Community Benefit Program	7,337	7,409	7,665	(256)	-3.3%
(B) IGT Medi-Cal Program Expense	6,829	4,048	2,603	1,445	55.5%
Total Expenses	17,874	14,619	14,067	552	3.9%
NET INCOME	11,204	16,307	15,416	(891)	-5.5%

FY21 BUDGET RECAP STATEMENT OF REVENUES & EXPENSE

(A) Net Operating Revenues & Expenses	(873)
(B) Net Non-Operating Revenues & Expenses	16,289
NET INCOME	15,416



El Camino Healthcare District
Statement of Fund Balance Activity for Budget 2021
Information excludes El Camino Hospital & its affiliates
(in 000s)

UNRESTRICTED FUND ACTIVITY BALANCE

Opening Balance at 7/1/2020	\$56,982
Budgeted Net Income for FY2021	15,416
Projected Transfer to ECH for Capital Outlay Projects (Women's Hospital)	(7,831)

PROJECTED ENDING BALANCE @ 6/30/2021	\$64,567
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El Camino Healthcare District

Sources & Uses of Tax Receipts (in 000s)

Budget for 2021

Sources of District Taxes

(1) Maintenance and Operation and Government Obligation Taxes	\$28,721
(2) Redevelopment Agency Taxes	\$300

Total District Tax Receipts

\$29,021

Uses Required Obligations / Operations

(3) Government Obligation Bond (Principal & Interest & Surplus)	\$10,200	
Total Cash Available for Operations, CB Programs, & Capital Appropriations		18,821

(4) Capital Appropriation Fund – Excess Gann Initiative Restricted*	9,300	
Subtotal		9,521

(5) Operating Expenses (net)	873	
Subtotal		8,648

(6) Capital Replacement Fund (Park Pavilion)	70	
Funds Available for Community Benefit Program		\$8,578

*Gann Limit Calculation for FY2021

\$9,221

(1) M&O and G.O. Taxes	• Cash receipts from the 1% ad valorem property taxes and Measure D taxes
(2) Redevelopment Agency Taxes	• Cash receipts from dissolution of redevelopment agencies
(3) Government Obligation Bond	• Levied for debt service
(4) Capital Appropriation Fund	• Excess amounts over the Gann Limit are restricted for use as capital
(5) Operating Expenses	• Expenses incurred in carrying out the District's day-to-day activities
(6) Capital Replacement Fund	• Fund to ensure that the District has adequate resources to fund repair and replacement of its capital assets (Park Pavilion at 130% of original cost)



El Camino Healthcare District - CONSOLIDATED

(\$ In 000s)

	Standalone	El Camino Hospital	El Camino Hospital Affiliates	Total
REVENUES				
Net Patient Service Revenue	\$0	\$857,291	\$35,793	\$893,084
Other Operating Revenue	103	23,308	30,775	54,186
Total Net Revenue	103	880,599	66,568	947,270
EXPENSES				
Salaries & Benefits	0	509,083	25,126	534,209
Supplies & Other Expenses	976	282,503	74,632	358,111
Interest	0	11,058	0	11,058
Depreciation/Amortization	53	65,336	3,164	68,553
TOTAL EXPENSES	1,029	867,979	102,922	971,930
OPERATING INCOME	(\$926)	\$12,620	(\$36,355)	(\$24,659)
Non Operating Income	16,342	31,858	3,647	51,847
NET INCOME	\$15,416	\$44,478	(\$32,706)	\$27,187
<i>Operating EBIDA</i>	<i>(872.9)</i>	<i>89,014</i>	<i>(33,191)</i>	<i>54,951</i>
<i>EBIDA Margin Percentage</i>	<i>(846.8%)</i>	<i>10.1%</i>	<i>(49.9%)</i>	<i>5.8%</i>
<i>Operating Margin Percentage</i>	<i>(897.9%)</i>	<i>1.4%</i>	<i>(54.6%)</i>	<i>(2.6%)</i>



El Camino Healthcare District - CONSOLIDATED

(\$ in 000s)

	FY2019 Actual	FY2020 Actual	FY2021 Budget	Change Favorable/ (Unfavorable)	% Change
REVENUES					
Net Patient Service Revenue	951,821	967,655	893,084	(74,571)	(7.7%)
Other Operating Revenue	47,122	56,010	54,186	(1,825)	(3.3%)
Total Net Revenue	998,942	1,023,665	947,270	(76,395)	(7.5%)
EXPENSES					
Salaries & Benefits	511,640	543,403	534,209	9,194	1.7%
Supplies & Other Expenses	317,403	370,793	358,111	12,682	3.5%
Interest	4,240	9,449	11,058	(1,608)	(14.5%)
Depreciation/Amortization	52,393	54,038	68,553	(14,515)	(21.2%)
TOTAL EXPENSES	885,676	977,683	971,930	5,753	0.6%
OPERATING INCOME	113,267	45,982	(24,660)	(70,642)	(286.5%)
Non Operating Income	66,790	83,566	51,847	(31,719)	(38.0%)
NET INCOME	180,056	129,548	27,186	(102,362)	(79.0%)
Operating EBIDA	169,899	109,469	54,950	(54,519)	(49.8%)
EBIDA Margin Percentage	17.0%	10.7%	5.8%		
Operating Margin Percentage	11.3%	4.5%	-2.6%		



El Camino Healthcare District Consolidated Capital Budget

Note: There are no plans to expend capital at the District level in Fiscal Year 2020. All capital spending is budgeted to occur at El Camino Hospital and its affiliates



FY 2021 Capital Spending Trend

(in 000s)

Capital Spending (in 000's)	Actual FY2016	Actual FY2017	Actual FY2018	Projected FY2019	Budget 2020
EPIC	20,798	2,755	1,114	-	-
IT Hardware / Software Equipment	6,483	2,659	1,108	6,000	6,000
Medical / Non Medical Equipment	17,133	9,556	15,780	18,000	* 18,000
Non CIP Land, Land I , BLDG, Additions	4,189	-	2,070	-	-
Facilities	48,137	82,953	137,364	205,451	268,937
GRAND TOTAL	96,740	97,923	157,435	229,451	292,937
*Includes \$5M unallocated amount					



Routine Capital Budget Pool

- Due to the current environment and other priorities management has not performed the typical standard capital budget forecast for Fiscal Year 2021
- Routine Capital Budget for ECH and affiliates
 - Establish a ***routine*** capital pool of \$20 million based on the EBIDA forecast less other cash flow items including principal and interest payments. This pool of funds is meant for the following categories:
 - Medical Equipment
 - Equipment
 - IT



Routine Capital Budget Pool

- Additionally there are currently approved fully funded projects & partially funded projects
 - For fully funded projects management estimates \$51.4 million in expenditures for Fiscal Year 2021
 - For partially funded projects management estimates \$42.6 million in potential expenditures for Fiscal year 2021
 - The outstanding projects will be assessed and evaluated during Fiscal year 2021 by management



Fully Approved Projects FY 21 Cash Flows

Fully Funded Projects [Sorted by Funded Amt.]	Estimated Total Project Cost	July 2020	Total Funded \$\$	Spend to Date	Remaining	Projected
			To Date	through FY 20 Per 12	Spend based on current Funding	Spend FY 21
1414 Integrated Medical Office Building	302,100,000	302,100,000	302,100,000	285,608,994	16,491,006	16,491,006
1245 BHS Replacement	96,100,000	96,100,000	96,100,000	90,500,809	5,599,191	5,599,191
1801 Demo Old Main & Related Site Work	172,500,000	24,900,000	24,900,000	3,081,165	21,818,835	5,454,709
1413 North Dr Parking Structure Expansion	24,500,000	24,500,000	24,500,000	24,444,816	55,184	0
1422 CUP Upgrades	9,000,000	9,250,000	9,250,000	8,709,422	540,578	540,578
1804 Primary Care Clinic (TI's Only) FY 19 (237 @ N. 1st)	8,000,000	8,000,000	8,000,000	7,652,634	347,366	(300,000)
1905 Radiation Oncology Equipment Replacement	10,300,000	6,750,000	6,750,000	2,238,918	4,511,082	8,061,082
1709 ED Remodel Triage / Psych Observation	6,750,000	6,750,000	6,750,000	4,356,768	2,393,232	2,393,232
1712 LG Cancer Center	6,400,000	6,400,000	6,400,000	6,266,522	133,478	103,478
1711 Emergency Sanitary & Water Storage	3,900,000	3,900,000	3,900,000	3,350,600	549,400	504,916
1702 LG Modular MRI & Awning	3,900,000	3,900,000	3,900,000	711,359	3,188,641	2,488,641
1917 Willow Surgery Dept. Improvements - Phase 2	3,800,000	3,800,000	3,800,000	0	3,800,000	760,000
1902 Site Signage & Other Improvements	2,500,000	2,500,000	2,500,000	593,021	1,906,979	1,506,979
1917 Willow Surgery Dept. Improvements - Phase 1	2,400,000	2,400,000	2,400,000	1,665,187	734,813	734,813
1931 SVMD - Sobrato Fit Up	1,000,000	1,000,000	1,000,000	917,899	82,101	82,101
2006 SVMD Clinic Morgan Hill	998,000	998,000	998,000			998,000
1921 LG MOB FY-20 Paving Upgrades	996,018	996,018	996,018	0	996,018	996,018
1713 Flooring Replacement	990,000	990,000	990,000	527,558	462,442	462,442
1916 LG Hospital Paving Upgrades	979,756	979,756	979,756	0	979,756	979,756
1920 SVMD Infrastructure Support & Equipment	898,500	898,500	898,500	647,014	251,486	102,986
1930 SVMD - Willow Glen CT Replacement	673,655	673,655	673,655	53,000	620,655	597,000
1802 LG MOB Improvements FY-19	498,300	498,300	498,300	328,538	169,762	169,762
1900 MV Infrastructure Upgrades Misc	402,500	402,500	402,500	287,814	114,686	114,686
1914 LG Rehab Finish Upgrades	373,000	373,000	373,000	82,460	290,540	290,540
1929 MV Sterile Processing Upgrades	1,850,000	250,000	250,000	82,182	167,818	1,767,818
1933 MV MOB Upgrades FY 20	1,000,000	250,000	250,000	0	250,000	250,000
1925 LG Equipment & Infrastructure Upgrades FY 20	240,000	240,000	240,000	78,766	161,234	161,234
2004 COVID-19 Response	175,000	175,000	175,000	88,003	86,997	46,997
Total Fully Funded Projects			509,974,729	442,273,448	66,703,281	51,357,965



Partially Approved Projects FY 21 Cash Flows

			Total Funded \$\$	Spend to Date	Remaining	
			To Date	through FY 20	Spend based on	Projected
Fully Funded Projects [Sorted by Funded Amt.]			Cost	Per 12	current Funding	Spend FY 21
Paritally Funded Projects (Additioanal Approvals TBD) [Sorted by Current Priority]						
1707	Imaging Equipment Replacement	26,022,000	16,900,000	341,279	16,558,721	3,311,744
1708	IR / Cath Lab Equipment Replacement	22,800,000	13,000,000	1,580,439	11,419,561	4,567,824
2005	MV Willow CPWC Relocation	5,500,000	150,000	0	150,000	3,150,000
1430	Women's Hosp Expansion	150,000,000	16,000,000	10,102,265	5,897,735	25,897,735
2002	LG IR Upgrades	3,250,000	250,000	0	250,000	750,000
2002	LG IR Upgrades	1,500,000	250,000	0	250,000	250,000
2001	LG Nuc Med Equipment Replacement	950,000	250,000	0	250,000	250,000
1908	LG Decontamination in OR	900,000	250,000	0	250,000	250,000
1922	LG Pharmacy USP 797 & 800 Upgrades	750,000	250,000	5,090	244,910	48,982
1923	MV Main Pharmacy USP 797 & 800 Upgrades	600,000	250,000	56,892	193,108	38,622
1924	MOV Oak Pharmacy USP 797 & 800 Upgrades	600,000	250,000	0	250,000	50,000
1926	LG Security System	460,000	242,000	21,298	220,702	420,702
1909	LG Campus Redevelopment	820,000,000	980,000	474,511	505,489	1,505,489
1602	Patient Family Residence	57,750,000	500,000	411,611	88,389	2,088,389
Total Partially Funded Projects		1,091,082,000	49,522,000	12,993,385	36,528,615	42,579,487

