



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

**El Camino Healthcare District  
Fiscal Year 2018 Budget**

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# Basis of the El Camino Healthcare District FY 2018 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 May 30<sup>th</sup>. 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](http://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

*Information excludes El Camino Hospital & its affiliates*

- Other Operating Revenue is based on the existing ground lease agreement.
- Operating Expenses are based on historical information with adjustments made for non-recurring events.
- Supplies and Other Expenses are anticipated to be held at 2017 levels, includes legal, marketing/advertising and district association dues.
- Depreciation is based on assets currently in service, as there is no new capital spending expected at the District level in Fiscal Year 2018.
- Expenses related to the G.O. bonds are based on the anticipated 2017 G.O. Refunding outcomes and required payment schedules.
- Investment income is based on the expected short-term rate of return for those funds.
- 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	FY2016 Actual	FY2017 Annualized	FY 2018 Budget	Change Favorable / (Unfavorable)	% Change
(A) Other Operating Revenue	88	90	91	1	1.1%
(B) Unrestricted M&O Property Taxes	7,162	7,658	7,888	230	3.0%
(B) Restricted M&O Taxes	6,171	6,002	5,620	(382)	-6.4%
(B) Taxes Levied for Debt Service	9,836	9,676	10,200	524	5.4%
(B) Investment Income	375	(37)	156	193	321.6%
(B) Other	521	179	140	(39)	-21.8%
<b>Total Net Revenue</b>	<b>24,154</b>	<b>23,568</b>	<b>24,095</b>	<b>527</b>	<b>2.2%</b>
<b>Expenses</b>					
(A) Salaries & Benefits	-	-	-	-	0.0%
(A) Community Benefit Support	312	370	370	-	0.0%
(A) Supplies & Other Expenses	101	256	253	3	1.2%
(A) Depreciation/Amortization/Interest Expense	253	224	231	(7)	-3.0%
(B) G.O. Interest Expense (net)	4,515	5,319	3,908	1,411	36.1%
(B) Community Benefit Program	5,986	7,526	7,000	526	7.5%
(B) IGT Medi-Cal Program Expense	802	7,026	510	6,516	1277.6%
<b>Total Expenses</b>	<b>11,969</b>	<b>20,721</b>	<b>12,272</b>	<b>8,449</b>	<b>68.8%</b>
<b>NET INCOME</b>	<b>12,185</b>	<b>2,847</b>	<b>11,823</b>	<b>8,976</b>	<b>315.3%</b>
<i>Operating EBIDA</i>	<i>(325)</i>	<i>(536)</i>	<i>(532)</i>	<i>4</i>	<i>-0.7%</i>
<i>Operating Margin Expense</i>	<i>-652.6%</i>	<i>-851.2%</i>	<i>-837.4%</i>		

## **FY18 BUDGET RECAP STATEMENT OF REVENUES & EXPENSE**

(A) Net Operating Revenues & Expenses	(763)
(B) Net Non-Operating Revenues & Expenses	12,586
<b>NET INCOME</b>	<b>11,823</b>



**El Camino Healthcare District**  
**Statement of Fund Balance Activity for Budget 2018**  
*Information excludes El Camino Hospital & its affiliates*

(In 000s)

**UNRESTRICTED FUND ACTIVITY BALANCE**

Projected Opening Balance at 7/1/2017	\$42,920
Budgeted Net Income for FY2018	11,823
Transfer to ECH for Capital Outlay Projects (Women's Hospital)	0

<b>PROJECTED ENDING BALANCE @ 6/30/2018</b>	<b>\$54,743</b>
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# El Camino Healthcare District

## Sources & Uses of Tax Receipts (\$Thousands)

### Budget for 2018

**Sources of District Taxes**

(1) Maintenance and Operation and Government Obligation Taxes	\$23,708
(2) Redevelopment Agency Taxes	140
<b>Total District Tax Receipts</b>	<b>\$23,848</b>
<b><u>Uses Required Obligations / Operations</u></b>	
(3) Government Obligation Bond (Principal & Interest)	\$6,508
<b>Total Cash Available for Operations, CB Programs, &amp; Capital Appropriations</b>	<b>17,340</b>
(4) Capital Appropriation Fund – Excess Gann Initiative Restricted*	5,620
<b>Subtotal</b>	<b>11,720</b>
(5) Operating Expenses	623
<b>Subtotal</b>	<b>11,097</b>
(6) Capital Replacement Fund (Park Pavilion)	300
<b>Funds Available for Community Benefit Program</b>	<b>\$10,797</b>
*Gann Limit Calculation for FY2018	\$8,025

- |                                       |   |
|---------------------------------------|---|
| <b>(1) M&amp;O and G.O. Taxes</b>     | • Cash receipts from the 1% ad valorem property taxes and Measure D taxes   |
| <b>(2) Redevelopment Agency Taxes</b> | • Cash receipts from dissolution of redevelopment agencies  |
| <b>(3) Government Obligation Bond</b> | • Levied for debt service   |
| <b>(4) Capital Appropriation Fund</b> | • Excess amounts over the Gann Limit are restricted for use as capital  |
| <b>(5) Operating Expenses</b>         | • Expenses incurred in carrying out the District’s day-to-day activities  |
| <b>(6) Capital Replacement Fund</b>   | • 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)

Consolidated Revenue and Expense Budget (\$ in thousands)				
	Standalone	El Camino Hospital	El Camino Hospital Affiliates	Total
<b>REVENUES</b>				
Net Patient Service Revenue	\$0	\$832,066	\$3,723	\$835,789
Other Operating Revenue	91	23,129	18,193	41,413
Total Net Revenue	91	855,195	21,916	877,202
<b>EXPENSES</b>				
Salaries & Benefits	0	470,357	11,061	481,417
Supplies & Other Expenses	624	245,976	18,335	264,935
Interest	0	8,705	0	8,705
Depreciation/Amortization	231	53,067	375	53,673
TOTAL EXPENSES	854	778,105	29,770	808,729
<b>OPERATING INCOME</b>	<b>(\$763)</b>	<b>\$77,090</b>	<b>(\$7,854)</b>	<b>\$68,473</b>
Non Operating Income	12,586	2,704	10,020	25,310
<b>NET INCOME</b>	<b>\$11,823</b>	<b>\$79,793</b>	<b>\$2,167</b>	<b>\$93,783</b>
<i>Operating EBIDA</i>	<i>(532)</i>	<i>138,862</i>	<i>(7,479)</i>	<i>130,851</i>
<i>EBIDA Margin Percentage</i>	<i>-584.2%</i>	<i>16.2%</i>	<i>-34.1%</i>	<i>14.9%</i>
<i>Operating Margin Percentage</i>	<i>-837.4%</i>	<i>9.0%</i>	<i>-35.8%</i>	<i>7.8%</i>



# El Camino Healthcare District - CONSOLIDATED

(In 000s)

	FY2016 Actual	FY2017 Annualized	FY2018 Budget	Change Favorable/ (Unfavorable)	% Change
<b>REVENUES</b>					
Net Patient Service Revenue	772,173	809,481	835,789	26,308	3.2%
Other Operating Revenue	39,495	41,223	41,413	190	0.5%
Total Net Revenue	811,669	850,704	877,202	26,498	3.1%
<b>EXPENSES</b>					
Salaries & Benefits	443,258	453,986	481,417	(27,431)	-5.7%
Supplies & Other Expenses	261,905	251,746	264,935	(13,189)	-5.0%
Interest	7,193	4,252	8,705	(4,453)	-51.2%
Depreciation/Amortization	49,056	48,412	53,673	(5,261)	-9.8%
<b>TOTAL EXPENSES</b>	<b>761,412</b>	<b>758,396</b>	<b>808,729</b>	<b>(50,333)</b>	<b>-6.2%</b>
<b>OPERATING INCOME</b>	<b>50,256</b>	<b>92,308</b>	<b>68,473</b>	<b>(23,834)</b>	<b>34.8%</b>
Non Operating Income	7,651	68,845	25,310	43,535	-63.2%
<b>NET INCOME</b>	<b>57,907</b>	<b>161,152</b>	<b>93,783</b>	<b>(67,369)</b>	<b>-41.8%</b>
<i>Operating EBIDA</i>	106,506	144,972	130,851	(14,120)	-9.7%
<i>EBIDA Margin Percentage</i>	13.1%	17.0%	14.9%		
<i>Operating Margin Percentage</i>	6.2%	10.9%	7.8%		





## **El Camino Healthcare District Consolidated Capital Budget**

**Note: There are no plans to expend capital at the District level in Fiscal Year 2018. All capital spending is budgeted to occur at El Camino Hospital and its affiliates**



## FY 2018 Capital Spending Trend

(In 000s)

Capital Spending (in 000's)	Actual FY2014	Actual FY2015	Actual FY2016	Projected FY2017	Budget FY2018
EPIC	6,838	29,849	20,798	6,137	1,922
IT Hardware / Software Equipment	2,788	4,660	6,483	5,391	12,238
Medical / Non Medical Equipment*	12,891	13,340	17,133	18,185	5,635
Non CIP Land, Land I , BLDG, Additions	22,292	-	4,189	-	-
Facilities	13,753	38,940	48,137	170,763	211,886
<b>GRAND TOTAL</b>	58,561	86,789	96,740	200,476	231,681

\*Includes 2 robot purchases in projected FY 2017 & FY16 Medical/Non Medical Equipment spent in FY17



# FY2018 Facilities Project Detail

(In 000s)

	FY18 Budgeted Commitment		FY18 Budgeted Spend
<b>Mountain View Campus Master Plan Projects</b>			
BHS Replacement	\$0	**	\$51,400
North Dr Parking Structure Expansion	\$0	**	\$3,354
Integrated Medical Office Building	\$0	**	\$130,100
CUP Upgrades	\$0	**	\$4,032
Womens Hosp Expansion	\$6,000	**	\$7,000
<b>Sub-Total Mountain View Campus Master Plan</b>	<b>\$6,000</b>		<b>\$195,886</b>
<b>Mountain View Capital Projects</b>			
New Main Lab Upgrades	\$0	*	\$500
ED Remodel Triage / Psych Observation	\$0	*	\$1,000
Willow Pavilion FA Sys and Equip Upgrades	\$800		\$700
Facilities Planning Allowance	\$600		\$0
Site Signage & Other Improvements	\$1,000		\$100
IR Room #6 Development	\$0	*	\$2,000
JW House (Patient Family Residence)	\$2,500		\$0
Nurse Call System Upgrades	\$2,400		\$0
Imaging Equipment Replacement (Imaging Dept. Only)	\$20,700		\$0
IR / Cath Lab Equipment Replacement (5 or 6 Rooms)	\$19,400		\$0
ED Remodel / CT - Triage - Other	\$5,000		\$0
MV Equipment & Infrastructure Upgrades (18)	\$600		\$0
Various Relocation Projects	\$800		\$0
Flooring Replacement	\$1,600		\$0
<b>Sub-Total Mountain View Projects</b>	<b>\$55,400</b>		<b>\$4,300</b>



# FY2018 Facilities Project Detail

(In 000s)

	FY18 Budgeted Commitment	FY18 Budgeted Spend
<b>Los Gatos Capital Projects</b>		
LG Imaging Phase II (CT & Gen Rad) & Sterile Processing	\$0 **	\$700
LG Upgrades - Major	\$0 **	\$5,000
LG Rehab Building Upgrades	\$0 **	\$500
LG IR Upgrades	\$1,100	\$0
LG Facilities Planning	\$800	\$0
LG MOB Improvements (17)	\$0 *	\$3,500
LG Nurse Call System Replacement (M/S, Ortho, Women's, ED)	\$2,800	\$0
LG OPS Expansion & Physician Lounge	\$850	\$0
LG Observation Unit (Conversion of ICU 2)	\$1,800	\$0
LG Security System	\$460	\$0
LG Pharmacy USP800 Upgrades	\$400	\$0
LG Men's Health Clinic TI's	\$450	\$0
LG Cancer Center	\$1,900	\$0
<b>Sub-Total Los Gatos Projects</b>	<b>\$10,560</b>	<b>\$9,700</b>
<b>Other Strategic Capital Projects</b>		
Primary Care Clinic (TI's Only)	\$0 *	\$2,000
Urgent Care Clinics (Tis Only)	\$3,800	\$0
New 28K MOB (Courthouse Prop)	\$22,400	\$0
<b>Sub-Total Other Strategic Capital Projects</b>	<b>\$26,200</b>	<b>\$2,000</b>
<b>Grand Total Facilities Projects</b>	<b>\$98,160</b>	<b>\$211,886</b>

\* Board approved from prior years

\*\* Board approved; partially funded from prior years

