



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

**El Camino Healthcare District  
Fiscal Year 2019 Budget**

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# Basis of the El Camino Healthcare District FY 2019 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 29<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.
- Community Benefit Support fee for Fiscal Year 2019 was negotiated on June 1, pursuant to the Statement of Work approved by ECHD Board on May 1, 2013 (see page 4 for recap of payments).
- Supplies and Other Expenses includes modest increases for Direct Mail material, website development, advertising and postage. The District's association dues expect to remain constant (ACHD at \$25,000; CA Special Districts and SC County Special Districts at \$7,000).
- Depreciation is based on assets (YMCA/Park Pavilion) currently in service, as there is no new capital spending expected at the District level in Fiscal Year 2019. The YMCA/Park Pavilion will be fully depreciated at the end of Fiscal Year 2019.
- 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 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

## MANAGEMENT SERVICES AGREEMENT PAYMENTS FROM ECHD TO ECH FY2012 - FY2018

FISCAL YEAR	ADMINISTRATIVE FEE	COMMUNITY BENEFIT FEE
FY2012	\$ 10,000.00	\$ -
FY2013	\$ 10,000.00	\$ -
FY2014	\$ 10,000.00	\$ 248,000.00
FY2015	\$ 10,000.00	\$ 296,000.00
FY2016	\$ 10,000.00	\$ 312,286.00
FY2017	\$ 10,000.00	\$ 370,140.00
FY2018	\$ 10,000.00	\$ 370,140.00



# El Camino Healthcare District

*Information excludes El Camino Hospital & its affiliates*

(In 000s)

Revenues	FY2017 Actual	FY2018		Change Favorable / (Unfavorable)	% Change
		Annualized	FY 2019 Budget		
(A) Other Operating Revenue	90	92	96	4	4.1%
(B) Unrestricted M&O Property Taxes	7,658	8,025	8,429	404	5.0%
(B) Restricted M&O Taxes	6,959	7,547	8,300	753	10.0%
(B) Taxes Levied for Debt Service	10,679	10,316	10,200	(116)	-1.1%
(B) Investment Income	911	604	929	325	-253.8%
(B) Other	244	183	156	(27)	-14.7%
<b>Total Net Revenue</b>	<b>26,541</b>	<b>26,768</b>	<b>28,111</b>	<b>1,343</b>	<b>5.0%</b>
<b>Expenses</b>					
(A) Salaries & Benefits	-	-	-	-	0.0%
(A) Community Benefit Support	370	374	397	(23)	6.2%
(A) Management Services	10	10	10	-	0.0%
(A) Supplies & Other Expenses	273	245	326	(81)	-24.9%
(A) Depreciation/Amortization/Interest Expense	240	231	225	6	2.7%
(B) G.O. Interest Expense (net)	5,261	3,806	3,738	67	1.8%
(B) Community Benefit Program	6,484	6,900	7,000	(100)	-1.4%
(B) IGT Medi-Cal Program Expense	10,328	3,286	2,351	936	39.8%
<b>Total Expenses</b>	<b>22,965</b>	<b>14,852</b>	<b>14,047</b>	<b>805</b>	<b>5.7%</b>
<b>NET INCOME</b>	<b>3,575</b>	<b>11,916</b>	<b>14,064</b>	<b>2,147</b>	<b>18.0%</b>
Operating EBIDA	(553)	(527)	(627)	(101)	19.1%
Operating Margin Expense	-7219.2%	-8748.0%	-7296.2%		

## **FY19 BUDGET RECAP STATEMENT OF REVENUES & EXPENSE**

(A) Net Operating Revenues & Expenses	(862)
(B) Net Non-Operating Revenues & Expenses	14,925
<b>NET INCOME</b>	<b>14,064</b>



**El Camino Healthcare District**  
**Statement of Fund Balance Activity for Budget 2019**  
*Information excludes El Camino Hospital & its affiliates*

(In 000s)

**UNRESTRICTED FUND ACTIVITY BALANCE**

Projected Opening Balance at 7/1/2018	\$50,332
Budgeted Net Income for FY2019	14,064
Transfer to ECH for Capital Outlay Projects (Women's Hospital)	<b>(13,133)</b>

<b>PROJECTED ENDING BALANCE @ 6/30/2019</b>	<b>\$51,263</b>
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# El Camino Healthcare District

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

### Budget for 2019

**Sources of District Taxes**

(1) Maintenance and Operation and Government Obligation Taxes	\$26,929
(2) Redevelopment Agency Taxes	156
<b>Total District Tax Receipts</b>	<b>\$27,085</b>

**Uses Required Obligations / Operations**

(3) Government Obligation Bond (Principal & Interest & Surplus)	\$10,200
<b>Total Cash Available for Operations, CB Programs, &amp; Capital Appropriations</b>	<b>16,885</b>
(4) Capital Appropriation Fund – Excess Gann Initiative Restricted*	8,300
<b>Subtotal</b>	<b>8,585</b>
(5) Operating Expenses	733
<b>Subtotal</b>	<b>7,852</b>
(6) Capital Replacement Fund (Park Pavilion)	300
<b>Funds Available for Community Benefit Program</b>	<b>\$7,552</b>

\*Gann Limit Calculation for FY2019 \$8,429

- |                                       |   |
|---------------------------------------|---|
| <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)

	Standalone	El Camino Hospital	El Camino Hospital Affiliates	Total
<b>REVENUES</b>				
Net Patient Service Revenue	\$0	\$914,910	\$2,263	\$917,172
Other Operating Revenue	96	36,360	15,261	51,717
Total Net Revenue	96	951,269	17,524	968,889
<b>EXPENSES</b>				
Salaries & Benefits	0	509,909	6,659	516,568
Supplies & Other Expenses	733	275,479	28,834	305,046
Interest	0	7,686	0	7,686
Depreciation/Amortization	225	52,857	387	53,469
TOTAL EXPENSES	958	845,930	35,881	882,769
<b>OPERATING INCOME</b>	<b>(\$862)</b>	<b>\$105,339</b>	<b>(\$18,357)</b>	<b>\$86,121</b>
Non Operating Income	14,925	4,817	20,667	40,409
<b>NET INCOME</b>	<b>\$14,064</b>	<b>\$110,156</b>	<b>\$2,311</b>	<b>\$126,530</b>
<i>Operating EBIDA</i>	<i>(637.2)</i>	<i>165,882</i>	<i>(17,969)</i>	<i>147,276</i>
<i>EBIDA Margin Percentage</i>	<i>(664.2%)</i>	<i>17.4%</i>	<i>(102.5%)</i>	<i>15.2%</i>
<i>Operating Margin Percentage</i>	<i>(898.4%)</i>	<i>11.1%</i>	<i>(104.8%)</i>	<i>8.9%</i>





# El Camino Healthcare District - CONSOLIDATED

(In 000s)

	FY2017 Actual	FY2018 Annualized	FY2019 Budget	Change Favorable/ (Unfavorable)	% Change
<b>REVENUES</b>					
Net Patient Service Revenue	832,647	885,848	917,172	31,324	3.5%
Other Operating Revenue	42,999	44,829	51,717	6,888	15.4%
Total Net Revenue	875,646	930,678	968,889	38,211	4.1%
<b>EXPENSES</b>					
Salaries & Benefits	453,365	477,646	516,568	(38,922)	(7.5%)
Supplies & Other Expenses	263,157	271,303	305,046	(33,742)	(11.1%)
Interest	1,709	5,831	7,686	(1,855)	(24.1%)
Depreciation/Amortization	48,210	49,709	53,469	(3,760)	(7.0%)
<b>TOTAL EXPENSES</b>	<b>766,441</b>	<b>804,490</b>	<b>882,769</b>	<b>(78,279)</b>	<b>(8.9%)</b>
<b>OPERATING INCOME</b>	<b>109,205</b>	<b>126,188</b>	<b>86,120</b>	<b>(40,068)</b>	<b>46.5%</b>
Non Operating Income	68,026	72,818	40,409	32,409	(44.5%)
<b>NET INCOME</b>	<b>177,232</b>	<b>199,006</b>	<b>126,529</b>	<b>(72,476)</b>	<b>(36.4%)</b>
<i>Operating EBIDA</i>	159,124	181,728	147,275	(34,453)	(19.0%)
<i>EBIDA Margin Percentage</i>	18.2%	19.5%	15.2%		
<i>Operating Margin Percentage</i>	12.5%	13.6%	8.9%		



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

**Note: There are no plans to expend capital at the District level in Fiscal Year 2019. All capital spending is budgeted to occur at El Camino Hospital and its affiliates**



# FY 2019 Capital Spending Trend

(In 000s)

Capital Spending (in 000's)	Actual FY2014	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018	Budget FY2019
EPIC	6,838	29,849	20,798	2,755	1,922	-
IT Hardware / Software Equipment	2,788	4,660	6,483	2,659	12,238	19,732
Medical / Non Medical Equipment*	12,891	13,340	17,133	9,556	14,275	11,206
Facilities	36,044	38,940	52,326	82,953	128,030	279,450
<b>GRAND TOTAL</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>	<b>156,465</b>	<b>310,388</b>

K:\Finance\FMS\_Dept\Common\BUDGET\BUD19\Capital\Presentations\[CIP Capital Spend Summary FY 11 through FY 17 FINAL\_071717 for 05072018 MD Meeting v2.xlsx]FY 18 CAPITAL TREN

- FY 19 Facility plan includes completion of IMOB and Behavioral projects
- IT budget includes ERP project



# FY 2019 Capital Request Detail (in thousands)

## Facilities MV – Page 1/2

	Total Project Cost	Spent Through FY18	FY -19 Proj Spend	Cumulative thru FY 19
<b>Mountain View Campus Master Plan Projects</b>				
Integrated Medical Office Building	302,100	110,279	150,000	260,279
North Dr Parking Structure Expansion	24,500	23,937		23,937
BHS Replacement	96,100	43,081	45,000	88,081
Womens Hosp Expansion	135,000	3,371	10,000	13,371
Demo Old Main & Related Site Work	30,000		2,000	2,000
CUP Upgrades	9,000	8,170	800	8,970
<b>Sub-Total Mountain View Master Plan Projects</b>	<b>596,700</b>	<b>188,839</b>	<b>207,800</b>	<b>396,639</b>
<b>Mountain View Other Capital Projects</b>				
Womens Hosp NPC Closeout	627	585		585
Patient Family Residence	6,500	500	6,000	6,500
Imaging Equipment Replacement (Imaging Dept. Only)	20,700		6,000	6,000
IR / Cath Lab Equipment Replacement (5 or 6 Rooms)	19,400		5,000	5,000
Facilities Planning Allowance	500			
ED Remodel Triage / Psych Observation	5,000	249	4,600	4,849
Nurse Call System Upgrade	2,400		2,400	2,400
Workstation Inventory replacement	2,000		2,000	2,000
Flooring Replacement	1,600	100	1,500	1,600
Emergency Sanitary & Water Storage	1,500	223	1,250	1,473
Willow Pavilion FA Sys and Equip Upgrades	1,000		1,000	1,000
Site Signage & Other Improvements	1,250	250	1,000	1,250
Various Relocation Projects	800		800	800
CT Equipment Replacement @ Radiation Oncology	815	20	780	800
MOB Upgrades (MV Campus) FY-19	1,000		700	700
New Main Lab Upgrades	3,100	2,800	300	3,100
MV Equipment & Infrastructure Upgrades (19)	600		250	250
<b>Sub-Total Mountain View Other Capital Projects</b>	<b>68,793</b>	<b>4,727</b>	<b>33,580</b>	<b>38,307</b>



# FY 2019 Capital Request Detail (in thousands)

## Facilities LG – Page 2/2

	Total Project Cost	Spent Through FY18	FY -19 Proj Spend	Cumulative thru FY 19
<b>Los Gatos Capital Projects</b>				
LG Cancer Center	5,000	243	4,750	4,993
LG Modular MRI & Awning	3,900	400	3,500	3,900
LG Undefined Annual Forecast			2,000	2,000
LG MOB Improvements (17)	5,000	5,036		5,036
LG Imaging Phase II (CT & Gen Rad) & Sterile Processing	8,990	8,965		8,965
LG IR Upgrades	1,250		1,250	1,250
LG Upgrades - Major	19,300	18,490	800	19,290
LG Nurse Call System Upgrade	800		500	500
MOB Upgrades (LG Campus) FY-19	800		500	500
LG Men's Health Clinic	480	10	470	480
LG Facilities Planning Allowance	600		400	400
LG Security System	400		400	400
LG Equipment & Infrastructure Upgrades	600		300	300
<b>Sub-Total Los Gatos Projects</b>	<b>52,120</b>	<b>33,144</b>	<b>14,870</b>	<b>48,014</b>
<b>Other Strategic Capital Facility Projects</b>				
Primary Care Clinic Development (2 @ \$3 Million Ea.) FY-19	6,000		5,000	5,000
Other Strategic Capital FY-19	15,000		15,000	15,000
Willow SC Upgrades ( 35,000 @ \$50)	1,750		1,750	1,750
New 28k MOB (Courthouse Prop)	22,400		1,200	1,200
Primary Care Clinic (TI's Only) FY 17 (828 Winchester)	3,600	3,201	250	3,451
<b>Sub-Total Other Strategic Projects</b>	<b>48,750</b>	<b>3,201</b>	<b>23,200</b>	<b>26,401</b>
<b>Total Facilities Projects</b>	<b>766,362</b>	<b>229,910</b>	<b>279,450</b>	<b>509,360</b>

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