



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

**El Camino Healthcare District
Fiscal Year 2020 Budget**

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June 18, 2019

Basis of the El Camino Healthcare District FY 2020 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 28th. 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.
- Redevelopment Agency revenues were not budgeted for in FY2020 as it is anticipated that the County may cease these allocations.
- Operating Expenses are based on historical information with adjustments made for non-recurring events.
- Community Benefit Support fee based on the cost of services as follows:

Community Benefit Staff FY2020	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	\$ 660,275
Estimated allocation of time at 60% =	\$ 397,138

- 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 on the YMCA building is projected to end approximately September as the District's portion of the building will be full depreciated and reserved.
- 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

Information excludes El Camino Hospital & its affiliates

Revenues	FY2018 Actual	FY2019 Annualized	FY 2020 Budget	Change	% Change
				Favorable / (Unfavorable)	
Other Operating Revenue	92	95	96	1	0.7%
Unrestricted M&O Property Taxes	8,025	8,429	8,845	416	4.9%
Restricted M&O Taxes	7,831	7,990	7,654	(336)	-4.2%
Taxes Levied for Debt Service	9,266	10,036	10,200	164	1.6%
Investment Income	753	1,452	897	(556)	-161.7%
Other - Redevelopment agency	256	197	-	(197)	-100.0%
Total Net Revenue	26,222	28,199	27,692	(508)	-1.8%
Expenses					
Community Benefit Support	370	397	397	(0)	0.0%
Management Services	10	10	10	-	0.0%
Supplies & Other Expenses	202	298	322	(25)	-7.6%
Depreciation/Amortization/Interest Expense	231	226	57	170	299.9%
G.O. Interest Expense (net)	3,761	3,469	3,320	149	4.5%
Community Benefit Program	6,847	7,300	7,800	(500)	-6.4%
IGT Medi-Cal Program Expense	6,469	2,967	3,342	(374)	-11.2%
Total Expenses	17,889	14,668	15,248	(580)	-3.8%
NET INCOME	8,333	13,531	12,444	(1,088)	-8.0%

FY20 BUDGET RECAP STATEMENT OF REVENUES & EXPENSE

(A) Net Operating Revenues & Expenses	(690)
(B) Net Non-Operating Revenues & Expenses	13,134
NET INCOME	12,444



El Camino Healthcare District
Statement of Fund Balance Activity for Budget 2020
Information excludes El Camino Hospital & its affiliates

(in 000s)

UNRESTRICTED FUND ACTIVITY BALANCE

Projected Opening Balance at 7/1/2019	\$50,900
Budgeted Net Income for FY2020	12,444
Projected Transfer to ECH for Capital Outlay Projects (Women's Hospital)	(6,973)

PROJECTED ENDING BALANCE @ 6/30/2020	\$56,371
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El Camino Healthcare District

Sources & Uses of Tax Receipts (in 000s)

Budget for 2020

Sources of District Taxes

(1) Maintenance and Operation and Government Obligation Taxes	\$26,700
(2) Redevelopment Agency Taxes	\$0

Total District Tax Receipts	<u>\$26,700</u>
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Uses Required Obligations / Operations

(3) Government Obligation Bond (Principal & Interest & Surplus)	\$10,200
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Total Cash Available for Operations, CB Programs, & Capital Appropriations	16,500
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(4) Capital Appropriation Fund – Excess Gann Initiative Restricted*	7,654
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Subtotal	8,846
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(5) Operating Expenses	730
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Subtotal	8,116
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(6) Capital Replacement Fund (Park Pavilion)	74
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Funds Available for Community Benefit Program	<u><u>\$8,042</u></u>
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*Gann Limit Calculation for FY2020

\$8,845

(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	\$960,475	\$52,378	\$1,012,853
Other Operating Revenue	96	27,288	18,033	45,416
Total Net Revenue	96	987,763	70,411	1,058,269
EXPENSES				
Salaries & Benefits	0	530,198	27,425	557,623
Supplies & Other Expenses	730	278,495	71,860	351,084
Interest	0	11,939	0	11,939
Depreciation/Amortization	57	57,158	2,305	59,519
TOTAL EXPENSES	786	877,790	101,590	980,166
OPERATING INCOME	(\$690)	\$109,973	(\$31,179)	\$78,104
Non Operating Income	13,134	32,939	5,257	51,330
NET INCOME	\$12,444	\$142,912	(\$25,921)	\$129,434
<i>Operating EBIDA</i>	<i>(633.6)</i>	<i>179,070</i>	<i>(28,874)</i>	<i>149,563</i>
<i>EBIDA Margin Percentage</i>	<i>(660.4%)</i>	<i>18.1%</i>	<i>(41.0%)</i>	<i>14.1%</i>
<i>Operating Margin Percentage</i>	<i>(719.4%)</i>	<i>11.1%</i>	<i>(44.3%)</i>	<i>7.4%</i>



El Camino Healthcare District - CONSOLIDATED

(\$ in 000s)

	FY2018 Actual	FY2019 Annualized	FY2020 Budget	Change Favorable/ (Unfavorable)	% Change
REVENUES					
Net Patient Service Revenue	893,753	933,218	1,012,853	79,635	8.5%
Other Operating Revenue	45,153	41,330	45,416	4,087	9.9%
Total Net Revenue	938,906	974,548	1,058,269	83,721	8.6%
EXPENSES					
Salaries & Benefits	472,748	510,851	557,623	(46,772)	(8.4%)
Supplies & Other Expenses	279,290	296,535	351,084	(54,549)	(15.5%)
Interest	5,227	4,418	11,939	(7,521)	(63.0%)
Depreciation/Amortization	49,942	52,275	59,519	(7,244)	(12.2%)
TOTAL EXPENSES	807,208	864,080	980,166	(116,086)	(11.8%)
OPERATING INCOME	131,698	110,468	78,103	(32,364)	41.4%
Non Operating Income	73,717	66,650	51,330	(15,320)	(23.0%)
NET INCOME	205,414	177,118	129,433	(47,685)	(26.9%)
<i>Operating EBIDA</i>	<i>186,867</i>	<i>167,161</i>	<i>149,562</i>	<i>(17,600)</i>	<i>(10.5%)</i>
<i>EBIDA Margin Percentage</i>	<i>19.9%</i>	<i>17.2%</i>	<i>14.1%</i>		
<i>Operating Margin Percentage</i>	<i>14.0%</i>	<i>11.3%</i>	<i>7.4%</i>		



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 2020 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					



FY 2020 Facilities Capital Budget Breakdown

(\$ in 000s)

		Estimated Total Project Cost May 2019	Total Committed \$\$ To Date	FY-20 REQUEST FOR APPROVAL	FY -20 SPEND
Approved Funded Projects - In Process		\$504,881	\$487,481	\$11,200	\$123,586
Planned Projects - Pending Approval		204,240	18,100	178,040	72,254
Placeholder Projects - To Be Evaluated.		242,700	500	157,200	73,097
	TOTALS	\$951,821	\$506,081	\$346,440	\$268,937



FY 2020 Facilities Capital Detail

Approved Funded Projects – In Process

(\$ in 000s)

		Estimated Total Project Cost May 2019	Total Committed \$\$To Date	FY 20 BUDGET \$\$ (A)	FY -20 Spend
Approved Funded Projects - In Process					
	BHS Replacement	96,100	96,100		12,800
	North Dr Parking Structure Expansion	24,500	24,500		
	Integrated Medical Office Building	302,100	302,100		64,489
	CUP Upgrades	9,000	9,000		
	LG Campus Planning	250	250		123
	Imaging Equipment Replacement (Imaging Dept. Only)	21,700	16,900	4,800	11,700
	IR / Cath Lab Equipment Replacement (5 or 6 Rooms)	19,400	13,000	6,400	9,500
	Willow Surgery Center Improvements	6,200			6,200
	MV SPD Ultrasconic Cleaner Installation	176	176		
	MV Infrastructure Upgrades Misc	360	360		260
	Lab Equipment & Security Upgrades	240	240		160
	Emergency Sanitary & Water Storage	3,900	3,900		3,490
	CT Equipment Replacement @ Radiation Oncology	993	993		814
	Herman Miller Inventory (Partial Replacement)	210	210		150
	MOB Upgrades (MV Campus) FY-19	250	250		220
	LG Infrastructure Upgrades Misc.	240	240		146
	LG Modular MRI & Awning	3,900	3,900		3,387
	LG Cancer Center	6,400	6,400		3,064
	LG MOB Improvements FY-19	498	498		340
	Primary Care Clinic (TI's Only) FY 19 (237 @ N. 1st)	8,000	8,000		6,744
	SVMD - Administrative Office	359	359		
	SVMD - OB/GYN Clinic - 2204 Grant Rd.	105	105		
	Subtotal Approved Projects	504,881	487,481	11,200	123,586

(A) Projects > \$1M will come to Finance Committee for approval



FY 2020 Facilities Capital Detail

Planned Projects – Pending Approval

(\$ in 000s)

		Estimated Total Project Cost May 2019	Total Committed \$\$To Date	FY 20 BUDGET \$\$ (A)	FY -20 Spend
Planned Projects - Pending Approval					
	Women's Hosp Expansion	111,000	16,000	95,000	33,000
	Demo Old Main & Related Site Work	70,000	1,000	69,000	20,000
	ED Remodel Triage / Psych Observation	6,750	250		6,340
	Site Signage & Other Improvements	2,250	250		2,032
	Nurse Call System Upgrade (Overlay Only)	800			700
	Various Relocation Projects	800			700
	Flooring Replacement	1,600	600	1,000	1,183
	MV Wireless Infrastructure Upgrade	1,600		1,600	1,000
	MV Physician Dining Room	1,200		1,200	1,200
	Other Undefined	2,000		2,000	500
	LG Nurse Call System Replacement	2,400		2,400	1,800
	LG Security System	460		460	420
	LG Rehab Finish Upgrades	400		400	400
	LG Campus Signage	500		500	500
	LG Wireless Infrastructure Upgrades	480		480	480
	LG Paving Upgrades	800		800	800
	LG Decontamination in OR	600		600	600
	LG Pharmacy USP 797 & 800 Upgrades	600		600	600
	Subtotal Planned Projects	204,240	18,100	178,040	72,254

(A) Projects > \$1M will come to Finance Committee for approval



FY 2020 Facilities Capital Detail

Placeholder Projects – To Be Evaluated

(\$ in 000s)

		Estimated Total Project Cost May 2019	Total Committed \$\$To Date	FY 20 BUDGET \$\$ (A)	FY -20 Spend
Placeholder Projects - To Be Evaluated.					
	New 28k MOB (Courthouse Prop)	22,400	500	22,400	12,400
	LG Upgrades	0		30,000	12,000
	Willow Pavilion FA Sys and Equip Upgrades	1,400		1,400	1,400
	Patient Family Residence	20,000		19,500	597
	Nurse Call / RTLS (PT. Rm of Future) Main Hospital Only	5,000		5,000	250
	Radiation Oncology Equipment Replacement	12,000		12,000	10,000
	MV MOB Upgrades FY 20	1,000		1,000	500
	MV Facilities Planning Allowance FY 20	600		600	600
	MV Equipment & Infrastructure Upgrades FY 20	900		900	900
	MV Cancer Center Expansion	2,400		2,400	1,200
	MV Undefined Annual	56,000			
	LG IR Upgrades	1,500		1,500	250
	LG MOB Upgrades FY 20	500		500	500
	LG Facilities Planning Allowance FY 20	500		500	500
	LG Equipment & Infrastructure Upgrades FY 20	600		600	600
	LG Undefined Annual	14,000			
	SVMD - Facilities Future Years	15,000			
	SVMD - Clinic / Admin Office Building (New Construction)	25,000		25,000	3,000
	SVMD - McKee Clinic Relocation (Assumes 12,000 SF, TI's)	6,300		6,300	2,000
	SVMD - Planning & Upgrades Allowance	1,600		1,600	400
	Property Acquisitions	56,000		26,000	26,000
	Subtotal Placeholder Projects	242,700	500	157,200	73,097

(A) Projects > \$1M will come to Finance Committee for approval

