



Meeting Minutes from May 12, 2025 Open Session

LOCATION: Conference Room A

Board Members Present: Dr. Deutsch, Dr. Chen, Mr. Sayen, Mr. Cambra,
Excused Absence - Ms. Codiga
District Representatives Present: Mr. Driscoll, Ms. Stebbins, Ms. Williams

Others Present: Kristen Thorson, Grace Mesina, Richard Espinoza, Louise Nakada, James Helena, Dr. Catherin Pyun

Call to Order:

The meeting was called to order at 5:30 p.m., with a quorum of board members present.
Location: Conference Room A

ALAMEDA HOSPITAL OPERATIONS UPDATES:

Ms. Mesina presented a financial overview for Alameda Hospital, reporting a year-to-date shortfall of 788 acute inpatient days compared to budget, reflecting a decline of 2.9 in the average daily census. The length of stay (LOS) exceeded the budgeted target by 0.2 days. The occupancy rate was 52%, below the budgeted 56%. Occupancy is measured exclusively by inpatient days and is based on full 24-hour stays, excluding outpatient activity.

Ms. Mesina highlighted the hospital's financial performance with several key points:

- The number of patients left without being seen is over budget.
- Inpatient surgeries have decreased by 77 year-to-date, while outpatient procedures increased to 448, driven largely by ongoing pain management procedures through the end of February 2025.
- Televisits have increased to 2,000 year-to-date.
- The hospital is reporting a contribution margin of \$1.4 million, largely due to increased volumes and revenues, which are \$7.5 million better than budget, supported by an improved collection rate.
- A one-time, three-year DP NIF pass-through created a \$13 million increase.
- The share of the APP has increased along with AB 915 funding and a slight increase in collection percentage, totaling \$1.9 million from pass-through funds and outpatient visit revenues.



Operating expenses exceeded budget by \$4.8 million, primarily due to:

- Higher staffing costs and benefits, accounting for a \$2.3 million variance.
- \$830,000 due to contracted and allocated physician costs.
- \$1.1 million attributed to salaries allocated across the system.
- Physician contracts were \$300,000 over budget.
- Bed rentals cost \$271,000.

This results in a net negative contribution margin of -\$1.4M to a budget of -\$17.0M. This is due to the one-time payment of DP-NF pass-through of \$19.3M total, but \$10.7M allocated to AH, in addition to increase in volumes and collection rates as well as increase in funding for EPP & AB915.

Additionally, Ms. Mesina noted an \$8 million loss in EBITDA, which AHS uses as cash flow, amounting to \$21.2 million, which is the figure used for capital planning. This figure excludes a one-time SNF supplemental payment of \$11.7 million, which was included for presentation purposes but is considered capital funding rather than operational revenue. This payment reflects only half a year and ends in December 2025.

Without the \$11.7 million supplemental payment, the system is short of its \$30 million capital budget target and has assembled leadership to explore opportunities to close this gap.

ALAMEDA HOSPITAL MEDICAL STAFF REPORT:

Dr. Pyun reported on ongoing throughput challenges, noting that Highland Hospital has been the most significantly impacted, particularly in terms of ambulance offloading delays. In accordance with **AB 40**, if hospitals are unable to offload 90% of ambulances within 30 minutes, they risk being removed from the ambulance destination list. Highland is currently the most affected facility, followed by San Leandro and Alameda.

Additionally, Alameda Hospital's Leapfrog rating declined from an A to a B, primarily due to patient experience concerns. In response, the hospital has intensified efforts to improve post-discharge patient follow-up calls, which have shown potential in reducing readmission rates. Alameda is actively exploring workflows and strategies to transfer appropriate patients from Highland to Alameda in an effort to help alleviate Highland's capacity issues.

DISTRICT AND OPERATIONAL UPDATES

AHS LIAISON REPORT:

Mr. Sayen reported that the AHS Board is still actively recruiting for both a Chief Medical Officer and a Chief Human Resources Officer, with several promising candidates currently



under consideration. He also noted that Dr. Moss and Dr. Indicar have been confirmed as members of the AHS Board, though one vacancy still remains. Additionally, the AHS Board is preparing for an upcoming retreat scheduled for June.

EXECUTIVE DIRECTOR REPORT:

Ms. Stebbins informed the group that of the four RFPs sent out for new accounting services, two firms only provide tax preparation services, and one firm did not respond. The fourth firm submitted a proposal but was ultimately not a good fit. Given the current budget reformatting, this would not be an ideal time to change accounting firms.

Ms. Stebbins recognized Mr. Cambra's for his efforts for the progress made on the upcoming Fourth of July Parade. The District has secured a trolley to represent both the District and AHS and is currently coordinating participation from both sides.

Notably, by the end of FY 2025, approximately \$400,000—representing three years' worth of Jaber funds—will be available for disbursement. Ms. Stebbins is working with Mr. Shaw to identify the most effective use of these funds. One proposal from Mr. Shaw is to establish a fast-track Emergency Department unit in the former gift shop space, which could help reduce the number of patients who leave without being seen.

The District has had several productive meetings with HCAI; however, it is not eligible for the State grant program as initially anticipated because eligibility is based on District hospitals with fewer than 50 beds, including long-term care beds. The District may still qualify for a possible extension of the 2030 deadline. The District is meeting monthly with HCAI as the project advances. Additionally, Ms. Stebbins and Ms. Thorson will hold monthly meetings with Mr. Hicks to discuss the timing of funding for the second tranche. Ms. Stebbins also noted that the District will be obtaining a quote for construction insurance and will need to include a rider on the policy for the duration of the project.

SEISMIC AND OPERATIONAL UPGRADE STATUS REPORT:

Ms. Thorson provided the group with a financial update since the March 10th Board meeting, noting that the most significant change was in the committed amount. The inclusion of construction documents and construction administration fees for architects and engineers increased the total from \$6.1 million to \$7.5 million. A monthly check run continues to process payments with a net 30-day turnaround.

Ms. Thorson is also continuing to track the public bid process. One of the primary concerns is the volume of construction activity on such a small campus, particularly the potential for multiple general contractors to be on site simultaneously, which could disrupt operational flow.



Additionally, a Request for Qualifications and Proposals (RFQP) was issued for a hazardous materials (hazmat) survey to assess the building for any hazardous substances. Three bids were received, and Ms. Thorson will provide a recommendation to the District and AHS to proceed with the selected vendor.

A similar process is underway for the Inspector of Record (IOR) and special inspections related to the project, following the procedures established by BBK, the District's legal consultants.

The key point of the current schedule is to drive the design and project teams to work in parallel. For example, if the materials testing program—which is part of the SPC-4D requirements—is handled sequentially rather than concurrently, it could push the overall project timeline past the 2030 deadline. The goal is to have all necessary programs and approvals ready so that each phase can proceed without delay. The deadline to apply for an extension beyond 2030 is January 1, 2026.

Ms. Thorson reported that construction documents for NPC-4 and NPC-5 are being prepared for submission. Additionally, the water rationing documents will need to be resubmitted to reflect the increase in tank size; however, the tank's location remains unchanged.

The materials testing program has already been submitted, and HCAI has responded with comments. Porter is currently reviewing those comments and preparing the appropriate responses.

An evaluation plan was also submitted, outlining the work required to bring the Stephens and West Wing buildings up to SPC-4D standards. This includes added work such as soil mitigation measures and the use of Fiber Reinforced Polymer (FRP) to strengthen structural components.

Moment frame testing and architectural work on the 19-6 building have progressed, with 50% construction documents (CDs) completed—an essential milestone for securing HCAI approval.

Finally, Ms. Thorson presented architectural renderings for the SNF (Skilled Nursing Facility) project, designed by Ratcliff, with a theme referred to as "Coastal Casual."

PROPERTY OVERSIGHT COMMITTEE:

Mr. Cambra informed the group that bids were received for the shingle work on the Pearl Street Apartments project. However, due to regulatory requirements and the project cost exceeding \$25,000 per building, a formal resolution and a more clearly defined process will be necessary. BBK is currently working with the District to develop this process.

CONSENT AGENDA:

Ms. Stebbins noted that in the March financials, the cash flow from financing activities may have been counted twice. She will follow up with the accountant to confirm and clarify the figures.

A motion to approve the March 10, 2025 meeting minutes and the November 2024 – March 2025 Financial Statements was made by Dr. Chen and seconded by Mr. Cambra. The motion was unanimously approved with four votes in favor and Ms. Codiga Absent.

OPERATING BUDGET REVIEW:

Ms. Stebbins informed the group that when the District was initially reimbursed during the first tranche of financing by U.S. Bank in September 2024, it received approximately \$1,030,000 for prepaid expenses related to project planning over the prior 2.5 years. Later that same week, those funds were paid out to AHS. Of the FY 2025 prepaid expenses totaling \$298,000, Ms. Stebbins noted that this amount has already been paid to AHS and should be deducted during the true-up for FY 2025.

The District does not keep the interest earned on the funds held in U.S. Bank. Although this interest appears on the District's income statement as a distribution to its assets, the funds are ultimately passed through to AHS. Ms. Stebbins noted that there will be additional expenses associated with closing the second tranche of financing, including costs related to BBK, Mr. Hicks, and others. Once the second tranche is closed, the District will be reimbursed and will then transfer the funds to AHS.

Property insurance rates for commercial properties have decreased, resulting in a slight reduction in costs for FY 2026. Additionally, there will be no election-related expenses, as no Board members are up for election in that fiscal year.

The District's use of funds is calculated by taking total expenses and subtracting depreciation (a non-cash expense), the principal payment on the note to Bank of Marin (with a current balance of approximately \$750,000), and interest earnings.

The calculation shown at the bottom of the page reflects the following:

- Net revenue
- Minus the District's use of funds
- Plus the principal and Certificates of Participation (COPs) payments the District is responsible for
- Minus the \$298,000 in District funds already paid



This results in an estimated \$4.1 million to be transferred to AHS. It was also noted that the District is only permitted to spend 20% of the Jaber Property assets and 20% of the income derived from those assets.

ACTION ITEMS:

OPERATING AND JABER BUDGET:

A motion to approve the FY 2026 Operating Budget as presented was made by Mr. Cambra and seconded by Dr. Chen. The motion was unanimously approved with four votes in favor and Ms. Codiga absent.

A motion to approve the FY 2026 Jaber Budget was made by Mr. Cambra and seconded by Mr. Sayen. The motion was approved with four votes in favor and Ms. Codiga absent.

DISTRICT POLICIES AND PROCEDURES:

Will be tabled for the July 14th Board meeting.

DIRECTOR COMPENSATION:

Mr. Driscoll informed the group that director compensation can be increased by \$5 per year, pursuant to the Water District Code, which requires the adoption of an ordinance. Once the ordinance is in place it will not be needed for future director compensation increases.

Following discussion, a motion to approve the compensation adjustment was made by Dr. Chen and seconded by Mr. Cambra. The motion was approved with three votes in favor, one "No" vote from Dr. Deutsch, and Ms. Codiga absent.

DIRECTOR ROLES:

It was previously raised whether the 1st Vice President must always oversee the Property Management and Communications Committees. Following discussion, it was agreed that the District create two separate liaison positions, one for each committee. During the July 14th Board meeting the board will vote on this policy and bylaw change.

PARCEL TAX DISTRIBUTION:

A motion to transfer \$1 million to AHS as a partial Parcel Tax distribution was made by Dr. Chen and seconded by Mr. Cambra. The motion was approved with four votes in favor, and Ms. Codiga absent.

RESOLUTION 2025-1 CUPCCAA:

Mr. Driscoll informed the group that if a project exceeds \$25,000, a formal bidding process is required under the Uniform Public Construction Cost Accounting Act (CUPCCAA), adopted in 1983. This act was established to give public agencies greater flexibility in handling public works projects. Projects costing more than \$225,000 require the adoption of a CUPCCAA resolution, which must be submitted to the State Controller's Office.



Mr. Cambra made a motion to accept Resolution 2025-1, establishing the CUPCCAA. The motion was seconded by Mr. Sayen and approved with four votes in favor and Ms. Codiga absent.

RESOLUTION 2025-2 ADOPTION OF ANNUAL PARCEL TAX LEVY:

A motion to approve the adoption of the annual parcel tax was made by Mr. Sayen and seconded by Mr. Cambra. The motion was approved with three votes in favor, one abstention from Dr. Deutsch, and one absence from Ms. Codiga.

RESOLUTION 2025-3: EXTENSION OF SPENDING AUTHORITY AND CERTIFICATION OF MUTUAL INDEMNIFICATION:

A motion to extend the spending authority and submit the Certification of Mutual Indemnification was made by Mr. Cambra and seconded by Mr. Sayen. The motion was approved with three votes in favor, one abstention from Dr. Deutsch, and one absence from Ms. Codiga.

REVIEW AND APPROVAL OF ANNUAL AUDIT ENGAGEMENT:

A motion to accept the Annual Audit Engagement was made by Mr. Cambra and seconded by Mr. Sayen. The motion was approved with four votes in favor and one absence from Ms. Codiga.

ED EVALUATION:

In an informal vote, the group decided to use the evaluation form with checkboxes. Evaluations should be returned to Dr. Deutsch within one week, after which he will provide feedback and a summary evaluation to Ms. Stebbins.

The Meeting was Adjourned at 7: 30 pm.