



COOK COUNTY HOSPITAL DISTRICT

BOARD MINUTES FOR DECEMBER 15, 2016

**Call to Order** –Kay Olson called the meeting of the Cook County Hospital District Board of Directors to order on December 15, 2016 at 9:00 a.m. in the meeting room.

**Adjourn to Closed Session** – The Board recessed from the regular session to a closed session for the Quality Improvement/Peer Review Report, Medical Staff Report and Labor Negotiation Update.

**Closed Session Summary** - The Quality Improvement/Peer Review Report from November 2016 and Medical Staff Reports from November 2016 were reviewed and discussed. The status of MNA Labor Arbitration was also provided.

**Reconvene** - The North Shore Health Board reconvened in regular session at 9:30 a.m.

**Roll Call**

**Members Present:** Sharon Bloomquist, Kay Olson, and Justin Mueller

**Via Tele-conference:** Randy Wiitala

**Others Present:** Kimber Wraalstad, Vera Schumann, Casey Bronikowski, Sandra Barkley, Dr. Milan Schmidt (p), Heidi Doo-Kirk (p), Amy James, Steve Nielsen

**Approval of Agenda** – J. Mueller made a motion to approve the Agenda with two ordering changes, S. Bloomquist 2<sup>nd</sup>, all ayes.

**Public Comments:** None

**Approval of Minutes for November 17, 2016** – J. Mueller made a motion to approve the minutes for November 17, 2016, R. Wiitala 2<sup>nd</sup>, all ayes.

**Updates:**

- a. **Clinic Board:** Rita Plourde was not present; Dr. Schmidt did not have any updates.
- b. **County Board:** Heidi Doo-Kirk stated that the County Board by a 3-2 vote proposed to reduce the preliminary maximum levy from 19.9% to 9.9%. This may mean reducing staff and reducing public health programs. When asked about the fixed costs at 14%, Ms. Doo-Kirk stated that during 2016, the County Board voted to balance the budget by borrowing money against the 2017 budget without making any cuts during 2016; so 7% of the 19.9% is repaying the 2016 budget. Including Insurance Premium hikes, the budget for 2017 is less than 2016. County Governments must retain a fund balance of up to five months because property tax

payments are not received until May and State payments are not received until June. The fund balance needs to be approximately 8 million dollars for a 19 million dollar budget. The Public Health Fund Balance was approximately 1.2 million within the last three years; currently the fund balance for Public Health is at \$200,000 and Ms. Doo-Kirk believes this will only decrease. Ms. Doo-Kirk reviewed the budget briefly, explaining how the amount may be reduced.

- c. **North Shore Health Care Foundation:** Steve Nielsen commented the Foundation will be embarking in a new strategic plan. They will also be recruiting new board members.
- d. **Board Members:** None
- e. **Correspondence:** None

### **Board Presentation – 2017 Budget, Vera Schumann, Director of Finance**

Vera Schumann reviewed the North Shore Health 2017 Budget Assumptions in detail. The Care Center rates have not been provided; therefore, we have estimated the 2017 Care Center revenue budget without the 2017 rates. The Minnesota Department of Human Services is responsible for providing the new rates. Employee health insurance rates increased 19.5%. PERA contributions remain the same at a 7.5% employer contribution. Professional fees have increased; the new Director of Nursing will be contracted from St. Luke's but there will be a decrease in salary and benefits for that position. There will be increased pharmacy expenses as we have employed two onsite pharmacists for 1.2 FTEs. There will be expenses for education and training as we prepare for new services such as chemo, updated CT, etc. Some unbudgeted opportunities include charge master review and coding audit, additional utilization with single rooms with private bathrooms, new services (outreach services, chemotherapy, etc.), efficiencies and productivity, additional grant opportunities, and expanding new GPO vendors to include lab and pharmacy for a reduction in expenses. Ms. Schumann also reviewed the 2017 proposed capital budget, volume and statistics budget in detail. Volumes are anticipated to remain stable in 2017. A slight increase in revenue is projected due to continued strategic pricing increases.

### **Old Business**

- a. **2016 Strategic Plan Update:** Strategic Initiative 5. Patient/Resident Experience was reviewed and discussed.
- b. **Facility Update:** Ms. Wraalstad stated Rhonda Silence from WTIP did a story on the construction project. The story is available on the WTIP archives. It was also announced the Inspector from the Minnesota Department of Health Engineering Department will be at North Shore Health to review the kitchen construction and hopefully give approval for use.
- c. **Culture Change Update** – Amy James provided the Board with a brief review of progress to date and then focused on current updates. Ms. James reviewed the impacts of the culture change movement on the Care Center Residents, she also reviewed the ongoing culture change artifacts that continue to be fine-tuned and implemented. The only artifacts that are not moving forward are artifacts associated with the building project. That will change as new construction areas are completed.
- d. **Works of Art Project:** Ms. Wraalstad stated that this project is ongoing. She received comments from Amy Demmer, Executive Director of the Grand Marais Art Colony, but has not yet had the opportunity to review her comments.
- e. **Other:** None

## Financial Reports

Vera Schumann presented the November 2016 Executive Summary and Financial Report. North Shore Health experienced a loss from operations of \$75,723 for the month of November, performing \$11,640 ahead of budget. Gross hospital patient revenues of \$1,145,361 are \$127,385 or 13% greater than budget. Care Center revenues are 2% behind budget. With the non-operating income and tax levy monies, there was a net loss of \$26,449 for the month. November acute patient days of 20 are 7 days or 26% behind budget with swing bed patient days of 69 running 17 days or 33% ahead of budget. Care Center resident days of 858 are 2% ahead of budget with occupancy of 77%. At or ahead of budget are Colonoscopy 10%, PT/OT 7%, and CT/MRI 22%. Behind budget are Observation 36%, Emergency 13%, Laboratory 3%, Home Health 18%, and Ambulance 22%. Operating expenses are \$58,782 or 5% greater than budget. Areas with budget variances greater than 10% or in an amount greater than \$5,000 were reviewed. The November 2016 year-to-date loss from operations of \$192,145 is \$696,092 or 75% ahead of budget and 47% ahead of November 2015 YTD loss of \$360,114.

## New Business

- a. **2017 Capital Budget:** Following Ms. Schumann's presentation, J. Mueller made a motion to approve the 2017 Capital Budget as presented, S. Bloomquist 2<sup>nd</sup>, all ayes.
- b. **2017 Operating Budget:** Following Ms. Schumann's presentation, J. Mueller made a motion to approve the 2017 Operating Budget as presented, S. Bloomquist 2<sup>nd</sup>, all ayes.
- c. **District 3 – Board Member Replacement:** Ms. Olson introduced Steve Nielsen who has expressed interest in the Board position from District 3 and asked him to provide a brief review of his background and discuss why he is interested in serving on the Board. Mr. Nielsen moved to Grand Marais in 2013 after retirement and built a home on Birch Drive. He has over 40 years of experience in the Public Health and Human Services area, primarily with an emphasis on working with elderly adults. Currently, Mr. Nielsen serves on the North Shore Health Care Foundation Board and the Public Health and Human Advisory Committee. He is hopeful that he can bring some of his experience to the table to enrich our current Board. When asked if he thought there might be a conflict of interest due to serving on the North Shore Health Care Foundation, Mr. Nielsen stated that did speak with NSHCF Board Chair Bob Fenwick on this matter. They both agreed that this would be quite the contrary, that it would be complimentary to both boards. Mr. Nielsen believes this is a marvelous community and that it is a duty to serve your community if you are able.

J. Mueller made a motion to appoint Steve Nielsen to serve the remainder of Howard Abrahamson's term as the Board Member from District 3. S. Bloomquist 2<sup>nd</sup>, all ayes.

Mr. Nielsen thanked the Board for their support and looks forward to serving as the District 3 Board Member. A discussion then followed in response to two questions posed by Mr. Nielsen: what are the major challenges that this Board faces and what is the Board's role in dealing with these challenges?

- d. **Other:** None

## Management Report

North Shore Health had our Critical Access Hospital (CAH) and Swing Bed survey beginning on December 5, 2016. We expect to receive the Statement of Deficiencies from this survey sometime in the next three weeks. A Plan of Correction will then be developed

and submitted within the required 10 calendar day timeframe from the receipt of the Statement of Deficiencies. The Mammography Imaging Services at North Shore Health was surveyed and has been accredited by the American College of Radiology. Congratulations to Caroline Hanford and the Radiology Department on achieving this accomplishment. An application has been submitted for the 2017 Small Hospital Improvement Program (SHIP) Grant. The SHIP Grant provides approximately \$8,000 - \$9,000 beginning in July 2017 for Critical Access Hospitals. The grant application will request funds to contract with CliftonLarsonAllen to complete a cost report analysis upon the completion or near completion of the building project. The 2017 Minnesota Hospital Association Winter Trustee Conference is scheduled for January 6 – 8, 2017 in Brooklyn Park. Those Board Members who have expressed interest in attending have been registered. The dates for the regular Board meetings in 2017 are as follows:

Thursday, January 19, 2017  
Thursday, February 16, 2017  
Thursday, March 23, 2017  
Thursday, April 20, 2017  
Thursday, May 18, 2017  
Thursday, June 22, 2017  
Thursday, July 20, 2017  
Thursday, August 24, 2017  
Thursday, September 14, 2017  
Thursday, October 19, 2017  
Thursday, November 16, 2017  
Thursday, December 21, 2017

#### **Construction Update –**

Josh Christiansen, Shelly Peterson, Brain Miller and Josh Kostick from Boldt Construction and John Geissler from DSGW were present to provide a construction update.

**Change Order Approval, 8 & 8R – Care Center Kitchens:** Ms. Wraalstad reviewed the history of the change order 8 & 8R. During the construction bid process, almost two years ago, draft adjustments were made to the kitchen drawings in an attempt to reduce costs. A value engineered draft design was done and it was estimated the cost for the Care Center kitchens would be reduced by \$80,890. As the design was refined to reflect what would be functional and useable in the Care Center (kitchens and dining area) space, it was determined a change order would be needed. Because of continued modifications to the kitchens, two change orders, 8 and 8R were developed. DSGW, Robert Rippe (kitchen consultant), Boldt with subcontractors and North Shore Health employees continued to refine the drawing to reduce costs. After almost a year of deliberation for the kitchens, the finalized changes have resulted in a change order of \$51,818.

The drawings showing the original design of the kitchen, the first Value Engineered kitchen design and the final design were reviewed. It was noted that employees from Dietary, Activities, Care Center and Maintenance were involved in the review of the various drawings. J. Mueller made a motion to accept change orders 8 & 8R in the amount of \$51,818. S. Bloomquist 2<sup>nd</sup>, all ayes.

The Construction Progress Report for December 2016 was then presented. The following areas were highlighted and discussed in detail:

- Safety Risks and Concerns – 0 reports since the last month.
- Lost time – None
- Project Update
  - Phase 1 - Care Center (southeast and northwest)
    - Continuing with Punchlist Items
  - Phase 2 - Care Center
    - Completed installation of interior wall framing
    - Completed installation of hollow metal door frames
    - Started above ceiling mechanical, electrical and plumbing rough-ins
    - Started demolition of the existing roof structure over the old Day Dining area
    - Installed new mono roof trusses from the Mezzanine to the flat roof
    - Completed taping, finishing and painting Salon, Janitorial Closet, Clean Utility Room and Material Storage Room
    - Installed Fiberglass Reinforced Wall Panels (RFP) in Janitorial Closet
    - Installed casework in the Salon and new Clean Utility Room
  - Phase 1 - Hospital (Inpatient Wing)
    - Zone 1**
      - Continued drywall installations within in-patient rooms and common corridor
      - Continued interior wall framing of remaining rooms
      - Started taping and finishing walls
    - Zone 2:**
      - Completed demolition of old exterior wall
    - Zone 3:**
      - Completed demolition of Rooms 8 & 9
  - Phase 1 – Hospital (Kitchen)
    - Installed hollow metal door frames in new Corridors
    - Started drywall installations in new Corridors
    - Started taping and finishing installations for new Corridors
    - Installed radius soffit framing and drywall at West end of North Corridor
    - Installed hollow metal frames in new East Corridors
    - Started drywall installations in new East Corridors
    - Started taping and finishing installations in new East Corridors
    - Completed Fiberglass Reinforced Wall Panel (FRP) in Kitchen
    - Installed doors and hardware in kitchen
    - Installed double acting door in kitchen
    - Installed ceiling tile in kitchen
    - Installed new kitchen equipment
    - Installed coiling counter shutter in kitchen
    - Installed casework in kitchen
    - Installed new plumbing fixtures and electrical devices in new kitchen
    - Installed ceramic tile flooring in Café Seating
    - Started ceramic wall tile installations at Café Seating

- Planned work
  - Phase 1 - Care Center (southeast and northwest)
    - Continue Puchlist Items as areas are available and convenient for Residents
  - Phase 2 - Care Center
    - Relocate existing Clean Utility Room
    - Continue demolition of existing roof framing in the old Day Dining area
    - Start installation of new flat roof structure
    - Continue mechanical, electrical and plumbing in-wall rough-ins
  - Phase 1 – Hospital
    - **Zone 1:**
      - Complete interior framing installations
      - Continue drywall installations
      - Start painting installations
      - Start ceiling grid installations
      - Complete demolition of existing 300 Corridor
    - **Zone 2:**
      - Continue interior wall layout
      - Start interior wall framing
      - Start mechanical, electrical and plumbing rough-ins
    - **Zone 3:**
      - Continue installation of new radius footing at Main Entry
  - Phase 1 – Hospital (Kitchen)
    - Paint Corridors
    - Install new flooring in Corridors
    - Install new doors and hardware in Corridors
    - Install doors and hardware in new Salon, Janitorial Closet, Clean Utility Room and Material Storage
- RFIs – 127 requests for information to the Architect, 3 RFIs open at this time
- ASIs – Nineteen Architect's Supplemental Instructions
- RFPs – 60 requests for proposals
- Submittals – Log reviewed
- Risks/Opportunities – Reviewed
- Field Manpower – Jobsite total – 46
- Equipment Onsite – Reviewed
- Financial Update
  - Pay application #16 (11-01-2016 to 11-30-2016) for \$1,953,106.82 was approved on December 8, 2016 and is waiting to be paid.
- Contingency Usage – The contingency log was reviewed in detail and it was noted the contingency amount has been fully used and exceeded.
- Communication Plan – 25 Notes from Boldt have been sent and the average Blog Site views are 14.5 per day.

Photos of the project and the project phasing were reviewed.

**Adjourn**

The regular meeting adjourned at 12:45 p.m.

Kay Olson  
Chairman

Sharon Blomquist  
Clerk