



2014 Annual Report to the City of Seattle

Approved March 10, 2015 by the PHPDA Governing Council

**2014 Annual Report to the City of Seattle
Pacific Hospital Preservation & Development Authority**

Overview

Purpose & Mission

The Pacific Hospital Preservation & Development Authority (PHPDA) is a public development authority established under Seattle Municipal Code 3.110 and a 501(c)(3) organization. In 1981, the City of Seattle chartered the PHPDA, placing in its trust the U.S. Public Health Service Hospital and its campus. The PHPDA purpose (per the revised Charter, as approved by the Mayor of Seattle on July 25, 2011) is to support and provide funding for the provision of the best possible health care to medically underserved communities in the greater Puget Sound area, including those referred through community clinics, those with limited access to medical care, and all others who are in need of charity health care.

In July 2012, the PHPDA approved revised strategic goals for 2012-15. The PHPDA lease revenues fund these goals and our health mission, through grant-making.

The goals are:

- To decrease disparities in access to health resources for the Puget Sound’s vulnerable populations.
- To improve the health outcomes of vulnerable populations by increasing the capability of the health care system.
- To improve the long-term financial stability and grantmaking capacity of the Pacific Hospital PDA while advancing both the value of the property and its benefit to the community.

Report on 2014 Priorities

- *Through a competitive process, award grants to improve access to health resources and improve health outcomes among underserved populations.*
 - The PHPDA awarded grants to the following agencies on May 14, 2014, for program funding from July 1, 2014 through June 30, 2015:

AGENCY	AWARD	PROGRAM
Chinese Information & Service Center	\$95,284	Health care referral and linkages
Country Doctor	\$163,958	After-hours primary care clinic
El Centro De La Raza	\$77,874	Information/assistance in enrolling clients in ACA
Harborview Medical Center	\$146,079	Diabetes management and improved outcomes
Mercy Housing NW	\$249,056	Community health workers to engage clients in healthcare
Neighborcare Health	\$136,048	Community health workers to engage clients in healthcare
Project Access NW	\$125,246	Dental case management, referral to oral health services
Seattle Indian Health Board	\$130,876	Health care linkage and support services for Indian elders
Seattle King County Dental Society	\$100,720	Denture/partial services to pts. with tooth loss
Teen Feed	\$100,000	Patient navigator services; enrollment in ACA for homeless youth and young adults

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In addition, the PHPDA continued funding awarded in 2013 for Project Access NW for medical case management and Public Health – Seattle & King County for translation of ACA materials.

- *Establish additional funding avenues, including a nimble fund and collaborative grantmaking with other funders.*
 - The Nimble Fund was established and awarded grants to the following agencies on December 11, 2014, for funding beginning January 1, 2015:

AGENCY	AWARD	PROGRAM
Somali Health Board	\$28,540	Develop agency infrastructure and improve technology capacity
Seattle Counseling Service	\$30,240	Conduct research on behavioral health needs of LGBTQ immigrants
The Q Card Project	\$14,600	Create resource to help LGBTQ youth access healthcare
Boyer Children's Clinic	\$35,000	Implement Electronic Health Records system
Global to Local	\$37,000	Develop database to track project outcomes and outputs

- *Provide financial stewardship by managing the Pacific Tower property and the revenues from three long-term tenants in a responsible manner.*
 - The PHPDA has three long-term leases that remain active: with the Washington State Department of Commerce (DOC), with WRC.Com Development LLC for the property's north parking lot, and Pacific Medical Centers, for clinic space in Pacific Tower and health-related administrative space in the Quarters buildings.

Priorities for 2015

- Through a competitive process, award grants to improve access to health resources and improve health outcomes among underserved populations.
- Establish an additional funding avenue for collaborative grantmaking with other funders.
- Provide financial stewardship by managing the Pacific Tower property and the revenues from three long-term tenants in a responsible manner.
- Participate in key local and regional health policy and planning workgroups and collaborations.

Summary of Key 2014 Activities

Guided by the Strategic Plan adopted in 2012, the PHPDA's program work in 2014 was largely focused on developing grantmaking plans for the next several years. A competitive grantmaking process based on this work was announced in January 2014. Focused on the PHPDA's strategic

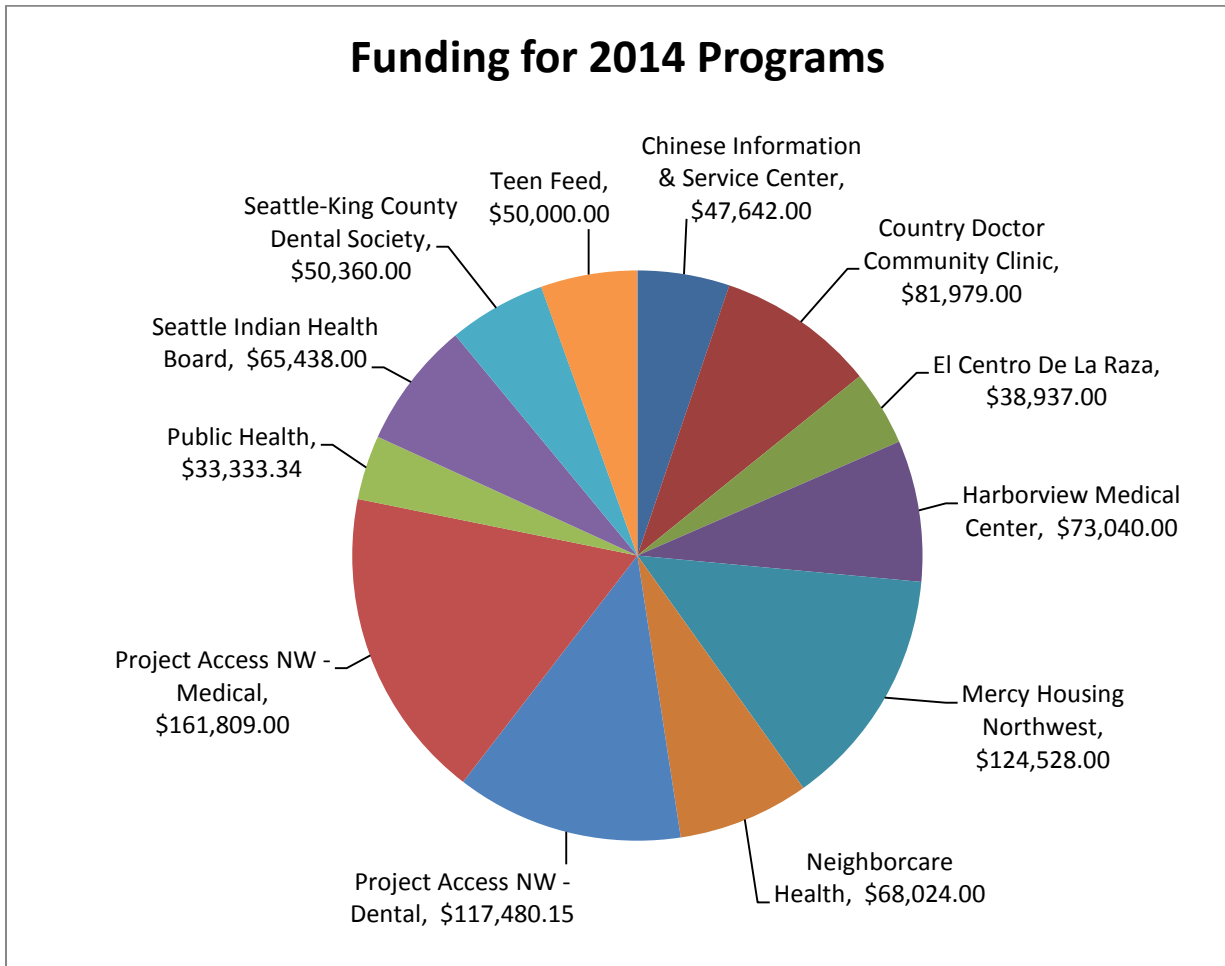
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goals of access to healthcare and improvement in health outcomes, we awarded approximately \$1.3 million total for Major Grant contracts beginning July 1, 2014 (and continuing into 2015) and approximately \$145,000 Nimble Fund grant award contracts beginning January 1, 2015.

In total, the PHPDA provided \$912,570 in grants for 2014 program expenses.

The funding priorities are:

- Projects that focus on ensuring access for underserved eligible populations and communities to health resources and services provided by the Affordable Care Act
- Projects that provide services and/or increase access to services among populations and communities who are not eligible to receive services under the Affordable Care Act
- Projects that provide services that are not covered, in part or fully, under the Affordable Care Act.
- Projects that address cultural, linguistic, economic, and other access barriers to successful utilization of medical and other services, including projects that improve health literacy among the populations to be served.



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Financial Stewardship

Clark Nuber completed the 2013 external audit and reported compliance with policies and procedures. The 2014 external audit is scheduled for April-May 2015. The State Auditor conducted the 2012-2013 audit in Fall 2014. The PHPDA received a clean audit report. The 2014-2015 PHPDA State audit is expected in 2016.

The Finance Committee reviewed financial statements on a monthly basis. On a quarterly basis, the Treasurer reviewed credit card expenditures, the check register, employment tax payments, and retirement contributions. Financial policies are continually reviewed and updated, and new policies developed.

Additionally, the Finance Committee tracked investments on a monthly basis, making investment decisions accordingly.

2014 PHPDA Council Members & Officers

The PHPDA is governed by a board of nine appointed members.

Council Member	Position(s)	Employment	Term Ends	Appointing Authority
Kevin P. Fox	Council Chair, Finance Committee Member	US Trust, Bank of America	December 2014	Mayor
Mike Heinisch	Council Vice-Chair, Planning Committee Member	Kent Youth & Family Services	December 2018	Governing Council
Judy Tobin	Council Secretary, Planning Committee Member	Community Volunteer	December 2015	Governing Council
Nate Dreon	Council Treasurer, Finance Committee Member	Bloc Builders	December 2015	County Exec
Diane Narasaki	Planning Committee Member	Asian Counselling and Referral Service	December 2015	Mayor
Marc Provence	Planning Committee Member	Fred Hutchinson, UW Cancer Consortium	December 2014	Mayor
Tony Mclean	Finance Committee Member	Franciscan Health System	December 2016	Governing Council
Rhonda Berry	Finance Committee Member	Office of King County Executive	December 2016	Mayor
Jeff Natter	Executive Director			

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Financial Information

Operating Budget

The PHPDA 2014 Operating Budget was approved on December 10, 2013. The PHPDA has no capital budget.

Revenues:	\$6,086,595
Funds used from savings in previous years:	\$0
Operating Expenses:	\$2,530,670
Grants/Projects/Services:	\$2,407,030
Depreciation (non-cash):	\$838,916
Pass-Through Expenses*:	\$474,739

*The PHPDA pays property taxes on behalf of its long-term tenants, and is subsequently reimbursed for these taxes.

PHPDA revenue sources in 2014 were: 1) rental income from long-term tenants, Department of Commerce, WRC.Com Development LLC, and Pacific Medical Centers; 2) lessee property and tax reimbursements, 4) interest income; and 5) lessee reimbursement of property operating, management, and other expenses.

In addition, in 2014, the PHPDA received a one-time payment of \$5 million from Pacific Medical Centers in consideration of PHPDA's resignation as sole voting member of PMC and in recognition of the shared history and community mission of the organizations.

As of December 31, 2014, the PHPDA holds \$1,124,156 in the Pacific Tower and Property Reserve Fund.

The PHPDA's Crime Coverage insurance policy protects the PHPDA from theft and loss of/damage to money, securities and other property sustained by PHPDA officers and staff.

List of Depositories

As of December 31, 2014, PHPDA monies are deposited in a Pacific Continental Bank checking account. Additional monies are invested in the State & Local Government Investment Pool, a CD with EastWest Bank, two CDs with Sound Community Bank, and a CD with Regal Financial Bank.

Certified Statement of Assets, Liabilities, Income, and Expenses for 2012 and 2013

The December 31, 2013 PHPDA Financial Statements and Schedules (with Independent Auditors' Report thereon) were transmitted to the City of Seattle in June 2014. The 2014 Audit will be transmitted upon completion.

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Attachments

- 1. Certificates of Insurance**
- 2. PHPDA 2014 Operating Budget**
- 3. Resolution 25-2013, approving the 2014 Operating Budget**



EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
06/01/2014

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

AGENCY Kibble & Prentice, a USI Co CL 601 Union Street, Suite 1000 Seattle, WA 98101		PHONE (A/C, No, Ext):	COMPANY See Below	
FAX (A/C, No): 877-678-5844	E-MAIL ADDRESS:			
CODE:	SUB CODE:			
AGENCY CUSTOMER ID #: 581221			LOAN NUMBER N/A	POLICY NUMBER See Below
INSURED Pacific Hospital Preservation & Development Authority 1200 12th Ave S., Qtrs 2 Seattle, WA 98144			EFFECTIVE DATE 06/01/14	EXPIRATION DATE 06/01/15
			<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:				

PROPERTY INFORMATION

LOCATION/DESCRIPTION
1200 12th Ave S., Seattle, WA 98144

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Company: Affiliated FM Insurance Company Policy Number: SE944 Coverage: Special Form, including Theft. Replacement Cost. Agreed Value (No Co-insurance). Equipment Breakdown. Blanket Limit on Buildings, Business Personal Property, and Business Income/Rental Value Company: Beazley (Lloyds London) Policy Number: WB15ADC140101 (See Attached Coverage Info.)	\$81,100,000	\$10,000

REMARKS (Including Special Conditions)

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS US Department of Health & Human Services Public Health Division 5600 Fishers Ln., Room 4A-53 Rockville, MD 20857	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> ADDITIONAL INSURED
	<input type="checkbox"/> LOSS PAYEE	
	LOAN #	
AUTHORIZED REPRESENTATIVE 		

COVERAGE INFORMATION (Continued from page 1.)

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
<p>Coverage: Earthquake and Flood for the Towers Building and Garage</p> <p>Limit on Buildings \$10,000,000</p> <p>Sublimit on Business Income \$1,000,000</p> <p>Company: Alterra Excess & Surplus Ins. Co.</p> <p>Policy Number: MLKS14XP002632</p> <p>Coverage: \$10,000,000 Excess Earthquake and Flood above the underlying policy with Beazley</p>		5%

<u>Income/revenues</u>	<u>2013 Budget</u>	<u>2013 Projection</u>	<u>2014 Budget</u>	<u>Comments</u>
RENTAL REVENUES				
Dep of Commerce Lease			\$2,464,416	
WRC North Lot Lease	\$211,105	\$212,214	\$215,544	
PacMed Lease	\$846,048	\$846,048	\$846,048	
Total Rental Revenues	\$1,057,153	\$1,058,262	\$3,526,008	
<u>Income/revenues</u>	<u>2013 Budget</u>	<u>2013 Projection</u>	<u>2014 Budget</u>	<u>Comments</u>
OTHER REVENUE				
Department of Commerce Grant		\$250,000		Though this is 2013 income, it will be used to pay for several 2014 grant expenses
DSHS Interpreter Services Match	\$80,000	\$4,272	\$0	Numbers were well below budget based mainly on PMC's decrease in Medicaid patients seen and their use of interpreters not covered by the contract; PMC chose to discontinue the contract after June 30; may look into other subcontractors in the future
Tower Operating reimbursement from PMC	\$649,317	\$613,500	\$546,798	**See attachment for detail , based on estimate of 50% occupancy for the year** Includes \$525,198 PMC Billed Monthly from attachment and \$21,600 for passthrough items (e.g. Qtrs electricity); 2013 amount will not be finalized until truing up process in February or March
N Lot Operating reimbursement			\$2,000	For gardening and driveway sweeping; previously included in same line as PMC reimbursement
Quarters building insurance reimbursement from PMC	\$10,309	\$12,000	\$15,752	
Tower Operating reimbursement from DOC			\$1,514,298	**See attachment for detail , based on estimate of 50% occupancy for the year** Includes \$1,514,298 DOC Billed Monthly from attachment
Interest earnings	\$4,000	\$6,500	\$7,000	
	\$743,626	\$886,272	\$2,085,848	
PASS THROUGH TAX REV				
<i>Leasehold Excise Tax</i>	\$135,738	\$135,738	\$452,739	Based on lease income; Budgeted amount is based on taxing the entire building - this will likely be adjusted based on a determination from the State
<i>Property Tax</i>	\$8,100	\$8,807	\$22,000	
	\$143,838	\$144,546	\$474,739	
Total Rev/Income	\$1,944,617	\$2,089,079	\$6,086,595	
<u>Expense</u>	<u>2013 Budget</u>	<u>2013 Projection</u>	<u>2014 Budget</u>	<u>Comments</u>
Professional services				
External audit	\$20,000	\$21,057	\$22,000	
State audit	\$0	\$0	\$9,000	
Legal	\$65,000	\$250,000	\$80,000	
Accounting	\$14,000	\$16,925	\$17,500	
Payroll services (ADP)	\$1,550	\$1,700	\$1,800	
Real Estate Professional Advisors	\$58,000	\$1,200,710	\$20,000	
Government Relations Consultant	\$6,000	\$22,000	\$5,000	
Total professional services	\$164,550	\$1,512,392	\$155,300	

<u>Expense</u>	<u>2013 Budget</u>	<u>2013 Projection</u>	<u>2014 Budget</u>	<u>Comments</u>
Consultants				
Communications Consultant	\$15,000	\$12,000	\$15,000	
IT support	\$8,000	\$8,000	\$6,800	
Graphic Design	\$3,000	\$1,800	\$1,750	
Website Developer	\$6,400	\$6,700	\$500	Full website re-design in 2013 - most updates now completed by staff
Executive Director Search Firm	\$30,000	\$29,076	\$0	
Grantmaking consultant	\$4,000	\$1,000	\$2,000	
Total consultants	\$66,400	\$58,576	\$26,050	
Operations				
Salaries & Benefits				
Executive Director	\$122,264	\$131,759	\$110,000	2013 Projection includes Rosemary Aragon's paid accumulated PTO
Finance & Grants Manager	\$55,600	\$55,600	\$62,000	Title change
Office & Communications Coordinator	\$33,272	\$33,272	\$40,000	Title change
<i>Salary subtotal</i>	<i>\$211,136</i>	<i>\$220,631</i>	<i>\$212,000</i>	
Health insurance	\$13,500	\$13,434	\$16,271	Based on renewal information
Dental insurance	\$2,200	\$1,914	\$1,800	
403(b) contributions (3% of salary)	\$6,334	\$6,619	\$6,360	
L&I insurance	\$1,150	\$1,100	\$1,200	
Social security/Medicare	\$15,398	\$16,878	\$16,218	
Other benefits	\$2,300	\$3,960	\$6,000	Life and disability policies added mid-2013
Total Salaries & Ben	\$252,018	\$264,536	\$259,849	
Expense	2013 Budget	2013 Projection	2014 Budget	Comments
Operating				
Tower Insurance	\$ 219,670	\$ 220,000	\$ 224,981	Includes Tower, West garage, Quarters 1 (since it is used for Tower management)
Quarters Insurance	\$ 11,489	\$ 12,000	\$ 15,752	Quarters 3-10, PacMed Garage
Tower Operating	\$ 1,053,021	\$ 1,010,000	\$ 1,803,221	**See attachment for detail , based on estimate of 50% occupancy for the year** Includes \$1,779,621 from Tower subtotal of attachment, \$21,600 for additional PMC passthrough costs, \$2,000 for N Lot passthrough costs
Small Equipment	\$800	\$2,000	\$1,500	
Supplies	\$2,500	\$4,000	\$4,500	
Quarters 2 Repairs & maintenance	\$8,000	\$7,500	\$7,000	
Printing & Publicity	\$5,000	\$4,000	\$4,000	
Postage	\$2,500	\$2,500	\$2,500	
Telephone	\$3,000	\$3,500	\$3,000	
Internet service	\$900	\$1,200	\$1,300	Added service for emailing large messages (for GC packets)
Meals/Catering	\$1,750	\$3,500	\$1,800	2013 - extra meetings, GC meeting for retirement/introduction
Travel + parking	\$750	\$400	\$500	
Dues & Subscriptions	\$2,000	\$2,500	\$3,000	
Insurance (Commercial, D&O)	\$9,613	\$7,200	\$9,267	Includes Quarters 2 and D&O
Professional development	\$2,000	\$2,200	\$4,000	
Bank fees	\$175	\$150	\$150	
Misc.	\$1,750	\$7,500	\$3,000	
Total Oper Exp	\$ 1,324,918	\$ 1,290,150	\$ 2,089,471	

TOTAL professional services, consultants, S + B, operations	<u>\$1,807,886</u>	<u>\$3,125,654</u>	<u>\$2,530,670</u>	
Expense	2013 Budget	2013 Projection	2014 Budget	Comments
PMC-interpreter services	\$140,000	\$7,867	\$0	Numbers were well below budget based mainly on PMC's decrease in Medicaid patients seen and their use of interpreters not covered by the contract; PMC chose to discontinue the contract after June 30; may look into other subcontractors in the future
Public Health ACA translation		\$16,667	\$33,333	Will be offset by the 2013 income from DOC grant
DSHS Interpreter svs admin	\$1,500	\$500	\$0	
PANW Medical	\$150,000	\$150,000	\$161,809	Will be offset by the 2013 income from DOC grant
PANW Dental	\$70,000	\$95,857	\$54,857	Only through June 2014; will be offset by the 2013 income from DOC grant; any continuing funding will come out of "Other"
Health Philanthropy Partnership	\$5,000	\$5,000	\$5,000	
Other Grantmaking	\$63,500	\$10,000	\$2,152,031	For competitive grantmaking, nimble fund, and other potential grant collaborations in 2014 and future
Total Program	<u>\$430,000</u>	<u>\$285,891</u>	<u>\$2,407,030</u>	
Pass-Through Tax Expenses				
<i>Leasehold Excise Tax</i>	\$135,738	\$135,738	\$452,739	Based on lease income
<i>Property Tax</i>	\$20,000	\$21,747	\$22,000	
Total Pass-Through Expenses	<u>\$155,738</u>	<u>\$157,485</u>	<u>\$474,739</u>	
Deposited into Pacific Tower and Property Reserve Fund			<u>\$924,156</u>	\$4.50 per sq ft
Total Expenses	<u>\$2,393,624</u>	<u>\$3,569,030</u>	<u>\$6,336,595</u>	
Depreciation	\$839,810	\$839,810	\$838,916	
Net before depreciation	<u>-\$449,007</u>	<u>-\$1,479,951</u>	<u>-\$250,000</u>	2014 "loss" offset by \$250,000 DOC grant income - 2013 income to be used for 2014 grant expenses
<i>Funds used from reserves saved in previous years</i>	<i>\$449,006</i>			
<i>Use of 2013 income from DOC for 2014 expenses</i>		<i>-\$250,000</i>	<i>\$250,000</i>	
ADJUSTED NET BEFORE DEPRECIATION	<u>-\$1</u>	<u>-\$1,729,951</u>	<u>\$0</u>	

12/10/2013

Pacific Hospital Preservation and Development Authority (PHPDA)

RESOLUTION NO. 25-2013

WHEREAS Article VII, Section 2 of the Charter of the Pacific Hospital Preservation and Development Authority (the "PHPDA") requires that the PHPDA Council adopt an annual operating budget;

WHEREAS the PHPDA Finance and Planning Committees have reviewed the proposed 2014 operating budget and assumptions and have recommended adoption of the 2014 operating budget in the form attached hereto as Exhibit A;

WHEREAS the PHPDA Governing Council has reviewed the recommended budget in an open public meeting;

THEREFORE, BE IT RESOLVED that the 2014 Operating Budget is hereby adopted and approved by the PHPDA Governing Council.

COUNCIL, PACIFIC HOSPITAL PRESERVATION & DEVELOPMENT AUTHORITY

BY: 

Theresa Rambosek, Chair

BY: 

Kevin Fox, Vice Chair

Adopted by the vote of a majority of the members of the Pacific Hospital Preservation & Development Authority Governing Council, present at a meeting held on December 10, 2013 at which a quorum was present.