



2012 Annual Report to the City of Seattle

Approved March 12, 2013 by the PHPDA Governing Council

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Pacific Hospital Preservation & Development Authority

Overview

Purpose and 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 grant making capacity of the Pacific Hospital PDA while advancing both the value of the property and its benefit to the community.

Report on 2012 Priorities

- *Set our future direction by undertaking a planning process to revise the PHPDA Strategic Goals for 2012-2015. This will include revising our approach to grant making.*
 - In July 2012, the PHPDA Governing Council approved a revised Strategic Plan for 2012-2015. The Council adopted goals, priorities, and grantmaking principles. This document is available on the PHPDA website.
- *Increase healthcare access by continuing our support to Project Access Northwest for both medical and dental specialty case management, and by continuing our contract with DSHS for Medicaid Interpreter services (under the Medicaid Administrative Match program).*
 - We continued our contract with Pacific Medical Centers to provide interpreters to Medicaid patients. We expended \$89,660, of which \$47,150 was reimbursed by HCA (administration of program was transferred from DSHS).
 - We awarded Project Access Northwest a \$150,000 grant for 2012 to provide case management for medical specialty care for uninsured and underinsured patients.
 - We increased our funding to Project Access Northwest to provide dental case management (\$68,143 for May 2012-April 2013).

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- *Provide financial stewardship by managing our reserves and revenues in a conservative manner.*
 - The Finance Committee and Governing Council regularly reviewed financial statements and reports on PHPDA's investments to provide oversight.
 - The State Auditor gave the PHPDA a clean audit for the 2010-2011 audit period.

Priorities for 2013

- Manage the PHPDA's historic property in a responsible manner including working to lease the vacant space in the Tower. Note: the revenue from the PHPDA's tenants is the source of funding for our mission.
- Recruit a new Executive Director, to replace the Executive Director who is retiring at the end of August, 2013.
- Increase access to health resources by continuing our support of Project Access Northwest for both medical and dental specialty case management, and by continuing our contract with HCA for Medicaid Interpreter services (under the Medicaid Administrative Match program).
- Prepare for future expanded PHPDA grant making by establishing grant making policies, priorities, processes, and documents.

Summary of Key 2012 Activities

WRC.com Tower LLC defaulted on its long-term lease with the PHPDA, and the PHPDA and WRC.Com Tower LLC entered into a formal lease termination agreement effective September 30, 2012. Since October 1, 2012, the PHPDA is maintaining and operating the Tower building. The PHPDA is financially strong and is able to maintain and operate the building, maintain the grounds, and provide security for the campus while an appropriate long term tenant is sought.

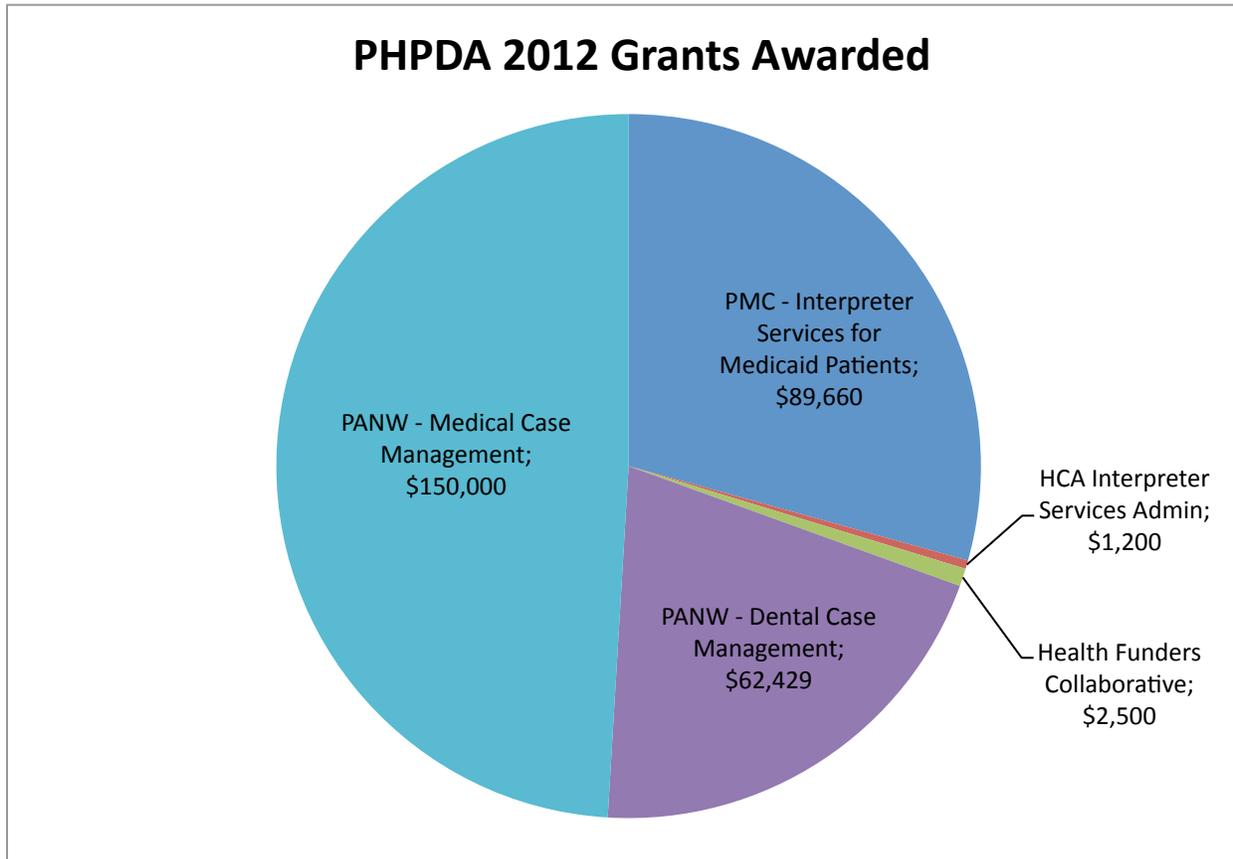
In spring 2012, the PHPDA Governing Council undertook a significant Strategic Planning Process. By July 2012, the Council set goals, priorities, and grant making principles for 2012-2015. Three goals were adopted:

- 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 grant making capacity of the Pacific Hospital PDA while advancing both the value of the property and its benefit to the community.

Two performing lease arrangements provide more than \$1 million in rent monies annually to support our mission and to maintain the property.

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The PHPDA provided \$305,789 in grants or contracts in 2012.



In 2012, the PHPDA provided a \$150,000 grant to Project Access Northwest (PANW). The PHPDA was a founding funder of PANW in 2006, and has supported the organization and their mission ever since. In 2012, PANW processed medical specialty referrals for almost 3,500 King County patients.

In early 2011, the PHPDA began a partnership with the Seattle King County Dental Foundation (SKCDF). That partnership continued through 2012. As part of the partnership, the PHPDA funds dental case management at PANW. This grant provided \$62,429 in funding in 2012. PANW appoints over 250 patients for dental care per quarter, mainly at the Swedish Community Specialty Clinic.

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Financial stewardship

Clark Nuber completed the 2011 external audit and reported compliance with policies and procedures. The 2012 external audit is scheduled for Spring 2013. The State Auditor conducted the 2010-2011 audit in 2012. The PHPDA received a clean audit report.

The Finance Committee reviewed financial statements on a monthly basis. On a quarterly basis, it 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.

2012 PHPDA Council Members and Officers

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

Council Member	Position(s)	Employment	Term Ends	Appointing Authority
Theresa J. Rambosek	Council Chair, Finance Committee member	Catholic Health Initiatives, Franciscan Health System	December 2013	Mayor
Kevin P. Fox	Council Vice-Chair, Finance Committee member	US Trust, Bank of America	December 2014	Mayor
Linda Ruiz	Council Secretary, Planning Committee member	Consultant	December 2012	Mayor
Marite Butners	Council Treasurer, Finance Committee Chair	Providence Health & Services	December 2013	Governing Council
Judy Tobin	Planning Committee member	Community Volunteer	December 2015	Governing Council
Nate Dreon	Finance Committee member	Commercial Real Estate	December 2015	County Exec
Mike Heinisch	Planning Committee member	Kent Youth & Family Services	December 2014	Governing Council
Dr. Dan Lessler	Planning Committee member	Harborview Medical Center	December 2013	Governing Council
Marc Provence	Planning Committee member	Fred Hutchinson, UW Cancer Consortium	December 2014	Mayor
Rosemary Aragon	Executive Director			

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Financial Information

Operating Budget

The PHPDA 2012 Operating Budget was approved on December 13, 2011. The revised 2012 Operating Budget was approved on July 10, 2012. The PHPDA has no capital budget.

Revenues:	\$2,159,790
Operating Expenses:	\$893,895
Grants/Projects/Services:	\$358,929
Undesignated Program and Operating:	\$669,110
Depreciation (non-cash):	\$839,988
Pass-Through Expenses*:	\$237,856

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

PHPDA revenue sources are: 1) rental income from long-term tenants, currently WRC.Com Development and Pacific Medical Centers; 2) government grant (HCA agreement- Medicaid Administrative Match funding for interpreter services); 3) lessee property and excise tax reimbursements, 4) interest income; and 5) lessee reimbursement of property operating and management expenses.

As of December 31, 2012, the PHPDA holds \$100,000 in its Operating Reserve Fund and \$100,000 in its Maintenance 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 31st, 2012, 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 1st Security Bank, a CD with EastWest Bank, a CD with Sound Community Bank, a CD with Fortune Bank, a CD with Regal Financial Bank, and a CD with Umpqua Bank.

Certified statement of assets, liabilities, income, and expenses for 2011 and 2012

The December 31, 2011 PHPDA Financial Statements and Schedules (with Independent Auditors' Report thereon) were transmitted to the City of Seattle in June, 2012. The 2012 Audit will be transmitted upon completion.

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Attachments

- 1. Certificates of Insurance**
- 2. PHPDA Revised 2012 Operating Budget**
- 3. Resolution 07-2012, approving the Revised 2012 Operating Budget**