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**El Camino Hospital District
Fiscal Year 2017 Budget**

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June 14, 2016

Basis of the El Camino Healthcare District FY 2017 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 26th. 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

Information excludes El Camino Hospital & its affiliates

- Other Operating Revenue is based on the existing ground lease agreement.
- Operating Expenses are based on historical information with adjustments made for non-recurring events.
- Supplies and other expenses have been increased in FY 2017 to cover upcoming expenses for the November election of board members.
- Depreciation is based on assets currently in service, as there is no new capital spending expected at the District level in Fiscal Year 2017.
- Expenses related to the G.O. bonds are based on history 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 program - It is expected that the District/Hospital will participate in the program again this year to customary amount.
- Other Non-Operating income deducted income principally due to termination of BMW lease on El Camino Real due to its use for the staging for construction projects at Mountain View Campus.



El Camino Healthcare District

Information excludes El Camino Hospital & its affiliates

(In 000s)

	FY2015 Actual	FY2016 Projection	FY2017 Budget	Change Favorable / (Unfavorable)	% Change
REVENUES					
(A) Other Operating Revenue	\$ 87	\$ 88	\$ 90	\$ 2	0%
(B) Unrestricted M&O Property Taxes	6,822	7,162	7,658	496	7%
(B) Restricted M&O Taxes	5,152	5,686	5,050	(636)	-11%
(B) Taxes Levied for Debt Service	8,845	9,569	9,200	(369)	-4%
(B) Investment Income	(139)	285	240	(44)	-16%
(B) Other	309	488	230	(258)	-53%
TOTAL NET REVENUE	21,076	23,278	22,468	(809)	-3%
EXPENSES					
(A) Salaries & Benefits	0	0	0	0	0%
(A) Community Benefit Support	296	312	312	0	0%
(A) Supplies & Other Expenses	404	202	496	(293)	-59%
(A) Depreciation/Amortization	250	252	240	12	5%
(B) G.O. Bond Interest Expense (net)	4,603	4,519	4,523	(5)	0%
(B) Community Benefit Program	5,626	6,844	6,725	119	2%
(B) IGT Medi-Cal Program Expense	6,759	260	3,158	(2,898)	-1115%
TOTAL EXPENSES	17,938	12,389	15,454	(3,065)	-25%
NET INCOME	\$ 3,138	\$ 10,889	\$ 7,014	\$ (3,875)	-36%
<i>Operating EBIDA</i>	<i>(10)</i>	<i>(8)</i>	<i>(11)</i>	<i>(115)</i>	<i>39%</i>
<i>Operating Margin Expense</i>	<i>-995.4%</i>	<i>-769.8%</i>	<i>-1069.1%</i>		

RECAP STATEMENT OF REVENUES & EXPENSE

(A) Net Operating Revenues & Expenses	\$ (958)
(B) Net Non-Operating Revenues & Expenses	7,972
NET INCOME	\$ 7,014



El Camino Healthcare District
Statement of Fund Balance Activity for Budget 2017
Information excludes El Camino Hospital & its affiliates

(In 000s)

UNRESTRICTED FUND ACTIVITY BALANCE

Projected Opening Balance at 7/1/2016	\$43,716
Budgeted Net Income for FY2017	7,014
Transfer to ECH for Capital Outlay Projects (BHS/IMOB)	(15,016)

PROJECTED ENDING BALANCE @ 6/30/2017	\$35,714
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El Camino Healthcare District

Sources & Uses of Tax Receipts (\$Thousands)

Budget for 2017

Sources of District Taxes

(1) Maintenance and Operation and Government Obligation Taxes	\$21,908
(2) Redevelopment Agency Taxes	0
Total District Tax Receipts	\$21,908

Uses Required Obligations / Operations

(3) Government Obligation Bond	\$4,523
Total Cash Available for Operations, CB Programs, & Capital Appropriations	17,385
(4) Capital Appropriation Fund – Excess Gann Initiative Restricted*	5,050
Subtotal	12,335
(5) Operating Expenses	808
Subtotal	11,527
(6) Capital Replacement Fund (Park Pavilion)	312
Funds Available for Community Benefit Programs & Capital Appropriation	\$11,215

*Gann Limit Calculation for FY2017 \$7,658

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|---------------------------------------|---|
| (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	\$789,585	\$2,871	\$792,457
Other Operating Revenue	90	25,059	17,077	42,226
Total Net Revenue	90	814,645	19,948	834,682
EXPENSES				
Salaries & Benefits	0	458,713	8,092	466,805
Supplies & Other Expenses	808	240,022	14,579	255,408
Interest	0	7,225	0	7,225
Depreciation/Amortization	240	52,848	42	53,130
TOTAL EXPENSES	1,047	758,807	22,713	782,568
OPERATING INCOME	(\$958)	\$55,837	(\$2,765)	\$52,114
Non Operating Income	7,972	11,194	4,919	24,085
NET INCOME	\$7,014	\$67,032	\$2,154	\$76,199
<i>Operating EBIDA</i>	<i>(\$718)</i>	<i>\$115,910</i>	<i>(\$2,723)</i>	<i>\$112,469</i>
<i>Operating Margin Percentage</i>	<i>-1069.1%</i>	<i>6.9%</i>	<i>0.0%</i>	<i>6.2%</i>



El Camino Healthcare District - CONSOLIDATED

(In 000s)

	FY2015 Actual	FY2016 Projection	FY2017 Budget	Change Favorable/ (Unfavorable)	% Change
REVENUES					
Net Patient Service Revenue	\$746,645	\$755,550	\$792,457	\$36,906	4.9%
Other Operating Revenue	34,892	37,539	42,226	4,687	12.5%
Total Net Revenue	781,537	793,089	834,682	41,593	5.2%
EXPENSES					
Salaries & Benefits	417,058	439,003	466,805	(27,802)	-6.0%
Supplies & Other Expenses	239,349	259,172	255,408	3,764	1.5%
Interest	5,256	5,855	7,225	(1,371)	-19.0%
Depreciation/Amortization	44,957	48,703	53,130	(4,427)	-8.3%
TOTAL EXPENSES	706,620	752,733	782,568	(29,835)	-3.8%
OPERATING INCOME	\$74,917	\$40,356	\$52,114	\$11,758	-22.6%
Non Operating Income	24,984	(3,542)	24,085	(27,627)	
NET INCOME	\$99,901	\$36,814	\$76,199	\$39,385	107.0%
<i>Operating EBIDA</i>	<i>\$125,130</i>	<i>\$94,914</i>	<i>\$112,469</i>	<i>\$17,556</i>	18.5%
<i>Operating Margin Percentage</i>	<i>9.6%</i>	<i>5.1%</i>	<i>6.2%</i>		



El Camino Healthcare District Consolidated Capital Budget

Note: There are no plans to expend capital at the District level in Fiscal Year 2017. All capital spending is budgeted to occur at El Camino Hospital and its affiliates



FY 2017 Capital Spending Trend

(In 000s)

Capital Spending	Actual FY2013	Actual FY2014	Actual FY2015	Proj FY2016	Budget FY2017
EPIC			\$36,187	\$23,743	\$6,137
IT Hardware/Software Equipment	\$8,019	\$2,788	\$4,660	\$6,850	\$5,391
Medical/Non Medical Equipment	\$10,284	\$12,891	\$13,340	\$14,700	\$10,254
Facilities	\$9,294	\$36,045	\$38,940	\$66,543	\$204,477
Grand Total	\$27,597	\$51,724	\$93,127	\$111,836	\$226,259



FY2017 Facilities Project Detail

(In 000s)

		Budgeted Commitment		Budgeted Spend
Mountain View Campus Master Plan Projects				
BHS Replacement	MV	\$55,500	**	\$30,000
North Dr Parking Structure Expansion	MV	\$0	*	\$20,500
Integrated Medical Office Building	MV	\$220,500	**	\$101,500
CUP Upgrades	MV	\$7,000	**	\$5,000
Womens Hosp Expansion	MV	\$10,000		\$5,500
Sub-Total Mountain View Campus Master Plan		\$293,000		\$162,500
Mountain View Capital Projects				
Womens Hosp NPC Closeout	MV	\$0	*	\$327
IMOB Preparation Project - Old Main	MV	\$0	*	\$1,000
Cabling and Wireless upgrades	MV	\$0	*	\$400
Histology Fume Hood Upgrades	MV	\$1,200		\$1,200
ED Remodel Triage / Psych Observation	MV	\$1,600		\$1,400
Signage & Wayfinding	MV	\$0	*	\$300
Breast Imaging Tomography	MV	\$0	*	\$300
Willow Pavilion FA Sys and Equip Upgrades	MV	\$800		\$800
Furniture Systems Inventory	MV	\$500		\$250
Site Signage & Other Improvements	MV	\$1,000		\$200
MV Equipment & Infrastructure Upgrades	MV	\$600		\$300
IR Room #6 Development	MV	\$2,600		\$500
JW House (Patient Family Residence)	MV	\$2,500		\$500
Facilities Planning Allowance	MV	\$600		\$300
Sub-Total Mountain View Projects		\$11,400		\$7,777



FY2017 Facilities Project Detail

(In 000s)

		Budgeted Commitment	Budgeted Spend
Los Gatos Capital Projects			
LG Spine Room Expansion - OR 4	LG	\$0 *	\$3,100
LG Rehab HVAC Upgrades	LG	\$0 *	\$400
LG Imaging Phase II (CT & Gen Rad)	LG	\$0 *	\$7,250
LG Upgrades - Major	LG	\$0 *	\$7,300
LG Rehab Building Upgrades	LG	\$600	\$500
LG IR Upgrades	LG	\$1,100	\$800
LG NICU 4 Bed Expansion	LG	\$6,500	\$5,000
LG Building Infrastructure Improvements	LG	\$1,500	\$1,200
LG MOB Improvements (17)	LG	\$5,000	\$4,000
LG Facilities Planning	LG	\$800	\$500
LG MOB Improvements	LG	\$0 *	\$150
Sub-Total Los Gatos Projects		\$15,500	\$30,200
Other Strategic Capital Projects			
Primary Care Clinic (TI's Only)		\$1,600	\$1,600
Urgent Care Clinics (Tis Only)		\$2,400	\$2,400
Sub-Total Other Strategic Capital Projects		\$4,000	\$4,000
Grand Total Facilities Projects		\$323,900	\$204,477

