



**KANE COUNTY HUMAN RESOURCE SPECIAL SERVICE DISTRICT
DBA KANE COUNTY HOSPITAL
REGULAR BOARD MEETING**

Date: May 7, 2024

Place: KANE COUNTY HOSPITAL AMBULANCE BUILDING
98 West 300 North
KANAB, UTAH 84741

TIME: 7:10 p.m.

Members present

Jeff Mosdell, Chairperson; Bob Johnson, Vice-Chairperson; Dr. Stuart Allan, Board Member; Marybeth Kuntz, Board Member; Maggie Browning, Board Member; Chad Szymanski, Board Member and Ben Beckstead, Treasurer

Ex-Officio Member

Kurt Loveless, CEO and Lance Allen, DO

Staff Present

Stephen Howells, CFO; Kim Nuttall, HR; Julia Sbragia, CNO; Shauna Crosby, EA; and Ben Armstrong, EMS Director

Guests Present: Commissioner Wade Heaton, Curtis Leetham, MHTN; and Justin Bowman, MHTN

Mr. Mosdell welcomed everyone to the meeting.

Mr. Mosdell asked for the approval of the consent agenda. Mr. Mosdell asked if anyone has any questions concerning the approval of minutes, nursing report, and human resource report. Ms. Nuttall mentioned that her report was not in the packet this month.

Dr. Allan made a motion to approve the consent agenda seconded by Mr. Johnson with the corrections. All in favor-Motion carried.

Medical Staff Report

Dr. Lance Allen was excused.



Nursing Department Report

Ms. Sbragia reported that the rollout of the BD Alaris IV pumps on May 2nd was successful, with no issues encountered. With regards to staffing, we are currently fully staffed, although we have experienced a recent RN exit. We will be taking action to fill the position. Additionally, Mr. Mosdell inquired about our visitation policy. Ms. Sbragia clarified that visitors are permitted, provided they are not exhibiting symptoms of illness and have been cleared by the staff prior to their visit if multiple visitors are present.

Human Resources

Ms. Nuttall distributed the revised Auxiliary Bylaws to board members for review and requested that they be added to the agenda for next month's meeting to facilitate approval. The document has undergone minor updates to ensure compliance with organizational standards.

Additionally, the recent open house for the art show on April 18th was well-attended. Furthermore, we have been showcasing an exhibit in the Emergency Room titled "What You are Wearing" as part of our response to the recent sexual assault awareness campaign. The exhibit features stories from survivors and will be displayed for a week.

We also have two positions to be filled: a full-time lab technician and a full-time paramedic. We have welcomed three new hires to our team.

New Business

Mr. Leetham and Mr. Bowman gave a presentation of the new Kane County Surgery building.

****Project Overview****

- * The project involves the construction of a new Kane County Surgery Center, which includes medical offices, MRI imaging, and an ASC facility.
- * The project is waiting for board approval, reviews, and permits from various authorities, including the City of Kanab, FGI Review with the State, Fire Marshall Review, and Owner review.

****Schedule****

- * The schedule is as follows:
 1. Board approval and reviews (4 weeks)
 2. Contractor selection and bidding
 3. Construction

Growth Projections

- * Kane County has been experiencing rapid growth, with an increase of 6.52% in the last year and 20.87% in the last three years.
- * The county is becoming a popular tourist destination, with increased travel along HWY 89.

Immediate Needs

- * The immediate needs of the county are:
 1. Medical offices
 2. MRI imaging
 3. New ASC facility
 4. Surgical growth
 5. IV therapy
 6. Dialysis growth
 7. Remodeling the existing hospital with Imaging and lab

Ten-Year Growth Projections

- * The ten-year growth projections include:
 1. Infill shell space
 2. Equipment upgrade

Building Layout

- * The building will have three levels:
 1. Level one: Surgery, PACU, Clinic, and physical therapy
 2. Level two: Sleep study, IT offices, dialysis, chemo, cafe, Human Resources office, HIM offices, and shell space
 3. Level three: Conference area and shell space

Construction CostThe construction cost has been included in the presentation.

COST OPINION

KANE COUNTY HOSPITAL - AMBULATORY SURGERY CENTER

Department/Space Type	Original			Current		
	GSP	Cost/SF	Total Cost	GSP	Cost/SF	Total Cost
Surgical Suite/PACU	6,105	\$ 840	\$ 5,128,600	6,244	\$ 880	\$ 5,494,720
Diagnostic Clinic	2,867	\$ 55	\$ 1,577,585	18,116	\$ 185	\$ 3,351,420
Physical Therapy	2,081	\$ 55	\$ 1,144,950	2,081	\$ 185	\$ 384,995
Common - Level 1	4,200	\$ 45	\$ 1,890,000	4,200	\$ 45	\$ 189,000
IV/Chemo Therapy/Dialysis	7,725	\$ 55	\$ 4,248,750	6,760	\$ 55	\$ 3,718,000
Sleep Study	716	\$ 45	\$ 322,200	820	\$ 45	\$ 369,000
Administration	1,161	\$ 45	\$ 522,450	1,227	\$ 45	\$ 552,150
IT Suite	763	\$ 45	\$ 343,350	1,095	\$ 45	\$ 492,750
Common - Level 2	4,306	\$ 395	\$ 1,700,870	4,338	\$ 485	\$ 2,103,930
Level 3 (Shell)	1,550	\$ 395	\$ 612,250	7,604	\$ 185	\$ 1,406,740
High Performance Building	33,466	\$ 18	\$ 602,388	38,05	\$ 22	\$ 835,100
SUB-TOTAL			\$ 18,864,843			\$ 21,402,825
Design Contingency		10%	\$ 1,886,484.30		10%	\$ 2,140,282.50
Construction Contingency		5%	\$ 943,242.15		5%	\$ 1,070,141.25
TOTAL	33,466	\$ 663.17	\$ 22,260,344.74			\$ 24,513,248.75

Estimate A	\$ 27,036,844
Estimate B	\$ 26,757,371
Estimate C	\$ 26,712,399
Estimate D	\$ 2,985,589



****Development Schedule****

Ambulatory Surgical Center

1. Bid/Permit 6 Weeks
2. Construction 84 Weeks

Hospital Remodel

1. Design -16 Weeks
2. Bid/Permit-6 Weeks
3. Phase 1 construction – 4 Weeks
4. Phase 2 construction – 8 Weeks
5. Phase 3 construction - 7 Weeks
6. Phase 4 construction - 10 Week

****Next Steps****

* The next steps will be:

1. Contractor selection: MHTN can assist with contractor solicitation.
2. Site preparation: utility locations (power, water, sewer, gas, fiber), rough grading, and demolition.
3. Third-party coordination: Planning & Zoning, Power Company, UDOH, and Building Department.

****Discussion****

During the discussion, it was emphasized that when selecting a contractor, it is essential to ask about their approach to bringing in sub-contractors. This is crucial to ensure a smooth process.

Mr. Leetham noted that a two-month delay in the project timeline is unlikely to have a significant impact on the overall costs. However, it is essential to fine-tune the budget and consider all available options to minimize expenses.

Mr. Loveless highlighted that the original plan was to design 33,466 square feet of space, but it was expanded to 38,115 square feet due to the addition of a third floor and med gas pharmacy. The second floor was modified to include additional office space, which necessitated changes to doorways and stairwells on the third floor to accommodate increased occupancy.

Mr. Howells inquired about the forward design process, which will require a hospital remodel at a later stage, with an estimated additional cost of around three million dollars.



Mr. Leetham stated that the project's feasibility will need to be reevaluated, but it is estimated that the cost will be around three million dollars.

Mr. Mosdell emphasized that our decision-making process should focus on the benefits of the project for the service lines, rather than its upfront cost. According to the surgeons, we can expect a 20-30% increase in productivity, which would result in a five-to-six-year payback period.

Mr. Loveless concluded that if the surgeons are not utilizing the facilities effectively, they may not remain and we would need to reinitiate recruitment efforts.

Mr. Loveless inquired about the upcoming Board of Education conference in Colorado Springs, which is scheduled to take place from September 7th to 11th. Board members were advised to review the agenda and consider their thoughts before deciding.

Mr. Mosdell then brought up the Utah SSD conference, noting that while it does not provide information on specific hospitals, it does offer valuable insights into Special Service Districts. He suggested that the board think carefully about the conference and make a decision at the upcoming Strategic Planning meeting. Ms. Kuntz expressed a sense of urgency, emphasizing the need for a timely decision. Ms. Browning asked for more options for the board to review. Mr. Howells mentioned that the AHA Rural Health Care Leadership will be San Antonio in February of 2025. Mr. Loveless will bring more information to the Strategic planning meeting.

Mr. Loveless, provided an update on the financial performance of the new building project. Mr. Loveless has had multiple conversations with Mark Anderson, and with his extensive knowledge of accounting and experience in CIB, has been instrumental in providing valuable insights. Mr. Loveless expressed concerns regarding the contract. Once signed, it will be an exclusive agreement, which may impact our future options if we decide to proceed with the bond process. As you are aware, there are two primary methods to market the bonds: direct placement and bond financing. Both Mark Anderson and BA have discussed these options at length. Mr. Loveless proposed that we table the discussion for tonight and gather more information.

County Commission Business

At the County Wide Fire and EMS meeting, Commissioner Heaton provided an update on the progress made with municipalities and service districts. The meeting was productive, with all parties agreeing to take the discussion back to their respective boards and councils for further consideration. The county is not pushing for a specific outcome, but rather facilitating the meetings and assessing the timing of the proposal.



Mr. Loveless has received an invitation to a follow-up meeting on Monday, where he will be joined by the fire chiefs to provide input and hear their ideas.

Mr. Loveless asked Commissioner Heaton regarding the possibility of revenue bonds, Commissioner Heaton noted the county lacks experience in this area. Mr. Loveless pointed out that in some municipalities, the county's approval is necessary to secure funding through sales taxes, emphasizing the need for a clear process and presentation to the commission for Mr. Loveless to move forward.

During our discussion, Commissioner Heaton brought to our attention a crucial point regarding the 1% sales tax. According to the Attorney General's office, it is not possible for the entity that created the sales tax to reaffirm it every ten years. Instead, it is necessary to put the measure back before the public for a vote.

The Attorney General emphasizes that it is essential for the public to have a say in this matter every ten years. However, this poses a challenge for our current bond obligations, which are tied to a 30-year sales tax commitment. If we were to issue new bonds, we would want to coordinate them with the same timeframe.

Commissioner Heaton we will seek clarification from the Attorney General's office on this matter. It is clear that there is a lack of consistency in how this process is being handled, and we are one of the few entities that have taken on the full 1% sales tax.

Mr. Loveless stated that we recently completed the renewal process in 2021. Mr. Beckstead requested that the hospital attorneys review the matter.

Committee Reports

Planning:

Mr. Johnson stated that we didn't have a Planning meeting today.

Finance:

As reported by Mr. Howells, the month's revenue performance was below expectations. However, we are pleased to note that our year-to-date performance is still on track. Notably, our Senior Life and Surgery services have seen significant growth. As you are aware, we have been experiencing some challenges with Change Health, but we are currently up and billing, with a few remaining issues that we are actively working to resolve. It is expected that these issues will be addressed, with April's accounts receivable expected to reflect this improvement.



We are also pleased to report that we have received a significant payment from Medicare in the amount of \$800,000. Additionally, MARS has been working closely with our team to address our accounts receivable, and they will be conducting an on-site review of our billing operations this Thursday and Friday. Their efforts have been focused on both the back-end and front-end processes, and we are starting to see tangible results.

Mr. Mosdell mentioned that the issues with Change Health are having a ripple effect on our accounts receivable days and are not directly related to our billing department.

Mr. Loveless stated that we have a Medical Staff meeting tomorrow at noon.

Mr. Loveless mentioned that we are pleased to announce that the house will be formally referred to as the Behavioral Health building. We will be hosting an open house on May 21st from 2:00-4:00 pm, which will provide an opportunity for attendees to familiarize themselves with the facility. The event will feature a special visit from the Chamber of Commerce, and refreshments will be served.

OLD BUSINESS

None

Mr. Mosdell moved to adjourn the meeting at 9:23 p.m. at Kane County Hospital Ambulance Building, 98 West 300 North, Kanab, UT 84741 with a second by Mr. Beckstead. All in favor-Motion carried.

Mr. Jeff Mosdell, Chairperson