

**KITSAP PUBLIC HEALTH BOARD  
MEETING MINUTES  
Regular Meeting  
November 7, 2017**

The meeting was called to order by Board Chair, Commissioner Ed Wolfe at 1:45 p.m.

**REVIEW AND APPROVE AGENDA**

There were no changes to the agenda.

**BOARD MEETING MINUTES**

Mayor Rob Putaansuu moved and Commissioner Robert Gelder seconded the motion to approve the minutes for the October 3, 2017, regular meeting. The motion was approved unanimously.

**CONSENT AGENDA**

The November consent agenda included the following contracts:

- 1316 Amendment 17 (1771), *Washington State Department of Health, Consolidated Contract*
- 1722, *Jefferson County Public Health, Nurse Family Partnership*
- 1748, *Kitsap County, Clean Water Kitsap*
- 1753, *Kitsap County, Kitsap Connect Crisis Intervention*
- 1758, *Kitsap County, Early Intervention*

Commissioner Gelder moved and Mayor Putaansuu seconded the motion to approve the consent agenda, including the Contracts Update and Warrant and Electronic Funds Transfer Registers. The motion was approved unanimously.

**PUBLIC COMMENT**

There was no public comment.

**HEALTH OFFICER/ADMINISTRATOR'S REPORT**

Health Officer Update:

Dr. Susan Turner, Health Officer, provided the Board with a few updates.

First, Dr. Turner explained that flu season off to a slow start, but that does not necessarily mean it will be a mild season. She also reminded the Board that there is still time to get vaccinated.

Next, Dr. Turner informed the Board that she recently presented the Health Indicator Report to the Harrison Hospital Board of Directors, including her comments regarding the critical need to provide more focus on pregnant and parenting women, very small children, and children/young families if we have any hope of moving the dial on some chronic and worsening problems in these populations who represent Kitsap's future

Dr. Turner also gave several brief updates on the Opioid plan:

- The prevention workgroup is focused on changing prescribing practices. Dr. Turner met with all major healthcare system leaders and all interested; Olympic Community of Health (OCH) will contract with a UW/Kaiser Research Institute group to work directly with practices;
- The treatment workgroup is focused on aligning work and streamlining info sharing between primary care physicians providing MAT and SUD providers;
- The overdose (OD) prevention workgroup is focused on increasing the availability of naloxone and is currently surveying agencies and healthcare providers, including pharmacies, about availability of naloxone and training;
- The Health District is trying to build its capacity to stay abreast of and use new data tools to follow outcome measures more closely than has been possible in the past with old and delayed data. The Health District is also working hard to interact with the coroner's office to get more real-time data more smoothly. The Health District is also working to use syndromic surveillance data on ODs now available at state. Dr. Turner met with EMS, and per their description, they transport all ODs to the emergency department, so this data source should be comprehensive for Kitsap; and
- Lastly, Dr. Turner noted that the Prescription Monitoring Program (PMP) legislation initiated a lot of actions, such as rule development in the Boards and Councils, and use of the PMP in creative ways, including letters to docs with unsafe prescribing so they can compare themselves to other doctors. Harrison's chief medical officer asked Dr. Turner to present on this to medical staff and a group of physician leaders next week.

Next, Dr. Turner informed the Board that she participated in a panel presentation on the importance of relationships and communication at many levels when there is legionella outbreak. She mentioned that Kitsap County has only experienced one case of legionella at Harrison Hospital. She explained that the panel was part of a one-day western Washington workshop on Legionella. Dr. Turner said that not everything is known about how to manage legionella in a hospital setting, so expert consultation is critical. In fact, she was surprised to hear a presentation by a California hospital that is not on water restrictions, but has detected the presence of legionella in both their city water supply system and their hospital water system. She said there is no expectation that this will go away, and they have "occasional cases" of legionella in patients. They just work hard to manage the water, with ongoing testing and surveillance of patients. Dr. Turner said this was an interesting perspective on the issue.

Dr. Turner said that because of this type of situation across the US, federal rules now require hospitals, and Washington will also require long term care facilities, to have water management plans in place, some of which will include testing. This may be similar to lead testing of school water in that it may identify legionella and other bacteria in these water systems that we never knew was present.

Additionally, Dr. Turner noted that Harrison Hospital is working very hard to protect patients, employees and visitors and implemented rigorous water management plan which includes frequent and detailed ongoing water testing and flushing, utilizing a professional occupational

hygiene company with legionella experience. There was only ever the one case of legionella at Harrison Hospital, but they continue to watch closely, and have not had any additional cases as legionella contamination in water system components continues to show declines. Harrison Hospital has chosen to remain on water restrictions until they install and implement a formal DOH-permitted water system, which they can then export to the new hospital when they move. Lastly, Dr. Turner said she continues to have monthly calls with the hospital, Washington State Department of Health (DOH) and the Center for Disease Control and Prevention (CDC).

Finally, Dr. Turner said she just started new round of visits with school superintendents to proactively discuss several issues including building their support for the upcoming school safety inspection program planning process, for program implementation in the fall of 2018. So far, she has met with the superintendents of Bainbridge Island and Central Kitsap school districts. She said both provided excellent feedback about approaches to build into our process. Dr. Turner explained that the Health District will use the Policy Committee guidance to avoid duplication of assessments the school districts already do, and the Health District is taking a collaborative approach to identify priority issues for allocation of resources. She said the program's planning process will comprise of monthly meetings with the superintendents' designees to be sure the program best meets their needs and sets up a collaborative process rather than an adversary one. She explained that fees will be necessary, but the Health District will likely pursue a three-year phase-in of inspections, inspecting oldest schools and those with youngest kids first.

Mr. Keith Grellner, Administrator, added that the monthly meetings have already been scheduled for December 2017 through May 2018. He said the Health District is optimistic that this program will go smoothly and benefit everyone involved. The school districts and Health District share common goals.

Mayor Becky Erickson asked if this program includes private and religiously based schools. Mr. Grellner confirmed that it does. Mayor Erickson asked what the funding source is for the program. Mr. Grellner said there is no established funding source at this time, but he said eventually the schools would pay a fee. He explained that, before a fee or funding source is established, the Health District wants to work with superintendents to figure out what the rules require, assess what working is already being completed, and what still needs to be done, in addition to establishing a self-inspection element so the Health District doesn't need to inspect each school every year, which has worked well in other jurisdictions. This will lower the costs significantly.

Commissioner Wolfe said he likes the idea of the collaborative approach. He also noted that Kitsap County is currently not in compliance with state regulation, along with several other counties. He agreed with Mayor Erickson that funding will be an issue. He also said it will be important to explain to the superintendents that the goal is not to obtain a fee or duplicate work. He asked for clarification of what "periodic" inspections means to the Health District. Mr. Grellner said the Health District considers periodic to mean roughly once every three years. He said this would allow the Health District to cycle through each school district no more than once per year, requiring no more than 1 FTE (full time employee) position. Mr. Grellner also explained that the "periodic" language comes from state regulations, and can be interpreted to

the advantage of the Health District and all the school districts in a way that is still useful and collaborative. He also said Board members are welcome to attend these meetings and he would be happy to provide them with the meeting schedule. He said the Health District will provide updates to the Board after each meeting occurs.

Dr. Turner said she has met with two superintendents so far regarding this topic. Her perception so far is that because fees, workload and inspection dates are not predetermined, the superintendents do feel that this is a more collaborative process.

Commissioner Gelder commented that “periodic” for the county assessor is a 6-year cycle. Commissioner Gelder suggested a 5-year cycle where each school district is the focus for one year. Mr. Grellner said this approach could make sense, too.

Mayor Erickson asked what the definition of “healthy environments” means in for these school inspections. Mr. Grellner said according to WAC 346-366 the main topics for healthy environments in schools include sound and noise, temperature, air quality, labs and spaces with hazardous materials, and general safety. He explained that the WAC does not go into many details of specificity, but there is a health and safety guide that does. The Office of Superintendent of Public Instruction (OSPI) and DOH are currently reviewing the health and safety guide for schools for updates. Mr. Grellner said the very first thing the Health District and Superintendents will do is examine the rule and define scope, and determine which activities the schools are already doing.

There was no further comment.

#### Administrator Update:

Mr. Grellner informed the Board that a copy of the results of the Health District 2016 audit was in their packets. He said the results of the audit were good. He also said the audit exit interview was held on October 9th, and that Mayor Lent was there representing the board. Mr. Grellner said the Health District is very proud of this audit for a few different reasons. First, it was the first audit after significant leadership changes that occurred in 2016. Second, the audit specifically targeted two new, unique, and innovative programs that were funded by federal funds: OCH, and the Hood Canal Regional Septic Loan Program. Lastly, the audit occurred just three weeks after the Health District’s new accounting and finance manager had started work after a 3-month gap when the Health District had no finance manager.

Next, Mr. Grellner announced that the Health District celebrated its 70th birthday this month. On November 3, 1947, Kitsap County and the City of Bremerton entered into an agreement to form a county-city health district. The Health District was formed to address smallpox, garbage dumps and illegal dumping, food service protections, public health nursing in schools, and housing issues related to the rapid growth of the shipyard during and after World War 2.

Next, Mr. Grellner said the Health District staff are participating in a statewide Foundational Public Health Services (FPHS) Self-Assessment. He explained that, in December, the Health District executive leadership team will have a 2-day retreat so to complete a FPHS assessment.

Through Washington State Association of Local Public Health Officials (WSALPHO), who have hired a consultant to develop the assessment template so that every local health jurisdiction and DOH can evaluate and report on their current status with implementing the FPHS, and how much funding and staffing it will take to enable full implementation of all FPHS. The intent of the assessment is to capitalize on the legislature's interest in FPHS following the nominal FPHS down payment that they included in the 2017-19 budget.

Mr. Grellner said he has been participating on a state beta-testing committee to finalize the assessment. The assessment will be presented at the county leaders conference next week in SeaTac. The assessment is a large and detailed undertaking, and is due in early January. The state public health system will then formulate a final report to the legislature in early 2018 in the hopes of getting more support for more funding in the 2019-2021 budget.

Commissioner Charlotte Garrido asked Mr. Grellner to pass on kudos to Finance Manager, Melissa Laird, for her hard work during the 2016 audit.

There was no further comment.

## **DRAFT 2018 BUDGET PRESENTATION AND FINANCE COMMITTEE REPORT**

First, Mr. Grellner mentioned a typo in the Board packet and said it an updated version was distributed for this meeting and had been corrected on the website.

Mr. Grellner provided the Board with a presentation regarding the Draft 2018 Budget. He reminded the Board of the Health District's organizational structure and the state laws and rules that direct the Health District's work. The Health District implements these mandates through three different divisions: Community Health, Environmental Health, and Administrative Services. He also provided a summary of the Health District's primary revenue sources, which are similar to previous years: Service fees (48%), Grants and Contracts (29%), and local and state flex funding (22%). Total revenues for 2018 are budgeted at \$11,622,753, which only includes confirmed revenue. Mr. Grellner reviewed a summary of expenditures, which are divided into two primary categories: personnel (77%) and non-personnel (23%), and are budgeted at \$12,303,444 for 2018. This leaves a deficit of \$680,691, which is higher than the usual estimated deficit, though it is not unusual for the Health District to show a budget deficit in its initial budget. Many revenue sources arrive after the Budget is approved, which lowers the deficit.

Mr. Grellner explained that the projected deficit for 2018 is due, in large part, to cuts in and loss of, federal/state grant revenues for some Environmental Health programs, and insufficient fee revenues projected in other Environmental Health programs.

Cuts in and loss of federal/state grant revenues are budgeted for the Solid & Hazardous Waste (SHW) and Pollution Identification and Correction (PIC) programs as follows:

- SHW: State grants funding for local health jurisdiction's (LHJ) solid and hazardous waste enforcement (Coordinated Prevention Grant – CPG) and site assessment (Site Hazard

Assessment Grant – SHA) activities were eliminated and reduced, respectively, by the 2017 Legislature. These cuts equal a loss in funding to the Health District of approximately \$220,000/year in 2018 and beyond.

- PIC: Federal/state water quality grants for pollution identification and correction projects are becoming less available and, due to cap restrictions on indirect costs reimbursement rates, are no longer as feasible for the Health District to pursue as a significant revenue source. Since its inception in 1995, PIC has used these federal and state grants --- at annual rates of up to 37% of its total annual program budget --- to boost and build its PIC program to provide rapid and comprehensive water quality cleanup work throughout the county.

Mr. Grellner said that, while the use of these grants has proved immensely successful for the cleanup of water pollution and protection of public health, the state cap on indirect costs has resulted in annual program deficits ranging from \$140,000 - \$435,000 over the last about ten years. These deficits have been covered through the use of local/state general public health flexible funds, and this practice is no longer sustainable for the Health District. Therefore, until these grants have fewer restrictions on indirect costs reimbursement, PIC will have to become less reliant on grant funding, and shrink the size of the program to reduce its annual deficit and reliance on general public health flexible funds to balance its budget. The reduced PIC revenues for 2018 equal about \$150,000 as compared to 2017.

In the draft 2018 Budget, there are also significant revenue shortfalls forecast for several Environmental Health fee-based programs. On an annual basis, EH service fees alone account for approximately 40% or more of the Health District's total budget, and service fees are the main revenue drivers for the Drinking Water (DW), Food & Living Environment (FLE), and Onsite Sewage (OSS) programs. For 2018, the projected revenue shortfalls in these EH fee programs total approximately \$591,000, or about 87% of the Health District's total projected deficit of \$680,691. In total, all District service fees annually account for about 48% or more of the agency budget.

Service fee revenues are the product of two primary factors: the cost of each service fee and service level demands for each fee type. For 2018, service level demands are projected to be similar to the trends observed in 2016 and thus far in 2017. Health District service response times at these projected service levels meet or exceed service response commitments, so program staffing levels and work production would appear to be ideal at this time. Therefore, projected revenue shortfalls in these service fee-based programs for 2018, as compared to 2016 and 2017, strongly suggest that service fee rates may no longer be sufficient to cover the costs of performing services and at expected service level commitments.

The projected 2018 revenue shortfalls in Environmental Health are unusual in that EH program funding generally has been stable/sufficient for the last five to ten years. In fact, the ability of the Health District to sufficiently budget and fund its EH programs is largely responsible for the Health District's current cash and investments position. It is in the public's and Health District's best interests to maintain and effectively utilize its cash reserves in accordance with Health Board budget policy.

While steps have already been taken to address the reductions in state grant funding for SHW and PIC --- mainly through FTE reductions via attrition opportunities when staff have left to pursue other job opportunities or by reassignments to other programs (3.0 FTE's in EH have been eliminated in 2017 and will remain unfilled for 2018) --- an adjustment to the Environmental Health Fee Schedule is recommended in accordance with Board budget policy. Board budget policy directs the Health District to recover the cost of service for fee related activities.

Additionally, Mr. Grellner noted that the Washington Health Care Authority is several quarters behind on payments for Medicaid match and owes the Health District around \$200,000. This is not included in the revenues for 2018, but HCA plans to pay in full in the next 5 months.

Lastly, as in years past, another contributor to the projected deficit is that state and local general public health flexible funding has remained virtually static over the years even though costs for salaries, benefits, supplies, and utilities, etc., have steadily increased. Costs have generally increased at a combined rate of about 6% to 10% per year, while local public health flexible funding has only increased at a rate of about 0% to 3% per year, and state general public health flexible funding has not increased since 1999.

The fact that state and local public health flexible fund revenues have not kept pace with salaries, benefits, and time-adjusted inflation presents an ongoing funding challenge for the Health District.

Mr. Grellner presented the Board with a variety of options to lower the deficit for 2018: use of cash reserves, expenditure cuts, revenue additions through EH fee adjustments, and furloughs. The Health District recommends adjusting EH Fees to lower the deficit.

Mr. Grellner also shared a list of ways the Health District has incurred cost savings, found new revenues, and implemented quality improvement innovations including: email and text alerts for improved messaging, online payments and acceptance of credit cards, CDC Associates and CH/EH interns, regional partnerships and contracts, E-food inspections, new VOIP phone system, reducing positions through attrition, and electronic permit finals coordination with building departments.

Mr. Grellner shared the following Finance Committee recommendations with the Board:

- The EH Fee Schedule should be adjusted to recover the cost of service for fee activities.
- EH Fee Schedule market adjustments (base hourly rate increase) should be phased-in over a two-year period.
- After the market adjustment phase-ins, an automatic escalator tied to any increases in the CPI should be applied to EH Fees on an annual basis.
- KPHD should immediately initiate a public outreach process about a possible fee adjustment for 2018.

- The Committee supports the program services and staff levels as proposed, and supports the use of cash reserves – as needed – to balance the budget while maintaining minimum cash operating reserves in accordance with Board Budget Policy.

Mayor Putaansuu asked how much the fee adjustment would reduce the deficit. Mr. Grellner said the fee adjustment would reduce the deficit by over \$500,000 leaving the deficit at about \$150,000.

Mayor Patty Lent commented that with EH fee adjustments, and if HCA pays the Health District in full for Medicaid match, then the budget would be balanced. Mr. Grellner agreed, but said the Health District is not depending on the Medicaid match funding to be paid any time soon.

Mayor Putaansuu said in the worst-case scenario, the District could pull from the cash reserves. Mr. Grellner agreed, and said that's what the reserves exist for. He confirmed that if the fees were increased, the Health District still anticipates needing to use \$150,000 of cash reserves. Mayor Putaansuu asked if the fee increase would extinguish the gap in year two. Mr. Grellner confirmed that it would. He also noted that the Policy Committee discussed the possibility of setting reserve levels for fee based programs to be better prepared for market changes in the future.

Commissioner Wolfe asked how Kitsap Public Health District compares to other similar local health jurisdictions in the state. Mr. Grellner said Kitsap is far behind the others, and has managed to keep fees low by obtaining grant funding and realizing efficiencies.

Commissioner Wolfe asked if the Finance Committee was unanimous in its recommendations to the board. The Finance Committee members, Mayors Erickson and Lent, and Commissioner Garrido all agreed the recommendations were unanimous. Mayor Lent said the committee discussed the budget at great length and were in agreement about fee increases. Commissioner Garrido said she would like to see annual analytics about fees, as was presented this time. Mayor Erickson commented that she was on the Finance Committee and suggested the fee index, which her agency does as a fair way to raise fees over time, instead of a large jump from time to time.

Mr. Grellner said if the Board is in agreement that they would like the Health District to move forward with the budget, including the fee adjustments, the Health District will immediately start the public outreach process and bring feedback along with a final draft to the Board in December for a hearing.

Mayor Lent moved and Mayor Putaansuu seconded the motion to approve the recommendation to bring the budget to the December Board meeting for final approval. The motion was approved unanimously.

There was no further comment.

## **2018 LEGISLATIVE AND RULEMAKING PRIORITIES**



Mr. Grellner approached the Board regarding the Health Districts 2018 Legislative and Rulemaking Priorities, which is similar to those approved for 2017.

Commissioner Gelder moved and Mayor Lent seconded the motion to approve the 2018 Legislative and Rulemaking priorities. The motion was approved unanimously.

Mr. Grellner asked each Board member to consider adding FPHS to their agency priorities for 2018, if they hadn't already. Several Board members agreed that they had already added FPHS to their legislative priorities.

There was no further comment.

### ADJOURN

There was no further business; the meeting adjourned at 2:55 p.m.



---

**Ed Wolfe**  
**Kitsap Public Health Board**



---

**Keith Grellner**  
**Administrator**

**Board Members Present:** *Councilperson Sarah Blossom; Mayor Becky Erickson; Commissioner Charlotte Garrido; Commissioner Rob Gelder; Mayor Patty Lent; Mayor Rob Putaansuu; Commissioner Ed Wolfe.*

**Board Members Absent:** None

**Community Members Present:** Pam Hamon, *League of Women Voters – Kitsap.*

**Staff Present:** Angie Berger, *Administrative Assistant, Administration;* Karen Bevers, *Communications Coordinator and Public Information Officer;* Katie Eilers, *Director, Community Health Division;* April Fisk, *Program Coordinator 2, Communicable Disease;* Keith Grellner, *Administrator, Administration;* Karen Holt, *Program Manager, Human Resources;* John Kiess, *Director, Environmental Health Division;* Grecia McCallister, *Secretary Clerk 1, Support Services;* Shelley Smith-Rose, *Community Liaison, Communicable Disease;* Susan Turner, *Health Officer, Administration;* Jim Zimny, *Assistant Director, Environmental Health Division;*