

Memo

To: Board Members
From: Tom Scaglione
Date: March 11, 2025
Subject: Finance Committee Minutes – **March 11, 2025**

The Finance Committee met on Tuesday, March 11, 2025, at 10:30 a.m. Members of the public were able to participate by telephone, Zoom, or in-person at the Grossmont Healthcare District Conference Center, located at 9001 Wakarusa Street, La Mesa, CA.

Attendees: Director Randy Lenac, Chair
Director Robert “Bob” Ayres, Member
Tom Scaglione, Chief Administrative Officer
Ryan Purdy, Sharp Grossmont Hospital
Scott Evans, Sharp Grossmont Hospital
Daniel Kindron, Sharp Grossmont Hospital
Jason Broad, Sharp Grossmont Hospital
Mary Keith Giordano, Sharp Healthcare (via Zoom)
Hollis Gentry, Sharp Healthcare (via Zoom)

A. Call to Order: The meeting was called to order by Director Lenac at 10:32 a.m.

B. Approval of Agenda: The agenda was approved as posted.

C. Public Comment: There was no public comment.

D. Presentations

1. Sharp Grossmont Hospital Masterplan Funding (by Sharp Grossmont Hospital)

Scott Evans presented the Hospital’s masterplan for campus improvements and expansion, expected to be completed by 2030, with a budget of \$625 million. Mr. Evans discussed plans to fund the project by issuing a tax-exempt revenue bonds for \$400 million, which will leave a \$211 million funding gap. Other funding sources were discussed, including the Hospital Foundation and Sharp’s investment portfolio. Since GHC does not earn enough to fully capitalize all annual projects today, they are

requesting District help to support the current masterplan gap.

CAO Scaglione discussed the potential of using a general obligation bond to address the shortfall, as well as the challenges it might pose, including the need for public support and the 67% threshold. Polling will be conducted to assess public support for a potential general obligation bond measure.

2. Intergovernmental Transfer Request for 2025/26 (by Sharp Grossmont Hospital)

Sharp Grossmont Hospital's Medi-Cal program is expected to have a shortfall of over \$52 million in FY25. There is a continued increase in underfunded payers, as well as instability in government funding. SGH has the highest proportion of Medi-Cal inpatients at 44%, compared to all other acute care facilities in San Diego (at 27%). Bridging the resource gap is critical to enhance SGH's ability to serve the most vulnerable. IGT support from Grossmont Healthcare District of \$16 million (\$8 million from GHD with a \$8 million IGT program match) will allow SGH to keep providing top-notch, award-winning medical services in the district.

Director Lenac emphasized the importance of utilizing IGT funding for medical expenses and the need to take advantage of it while it is still available.

The Committee *recommends* moving \$8 million in IGT funding to the Board for approval. CAO Scaglione to include the recommended \$8 million IGT funding in the upcoming budget pending Board approval.

E. Reports/Discussion/Possible Action Items

1. Compensation Agreement for Future Development Sites – City of San Diego

CAO Scaglione presented the compensation agreements by the City of San Diego, which were reviewed by Counsel Scott. The Committee *recommends* bringing the compensation agreements to the Board for approval.

2. Johnson Controls Fire and Life Safety Support Five-Year Contract

After brief discussion, the Committee *recommends* the Johnson Controls fire and life safety support five-year renewal for \$26,259.17 and be brought before the Board for approval.

3. Budget Implementation and Controls (For Information Only)

The Committee reviewed and discussed how the budget at GHD is implemented and what other spending controls are in place. The California Government Code mandates that special districts must adopt a budget each year. Budget control is maintained at the department level and in no case may the total expenses of the District exceed what

is appropriated by the Board, without a budget adjustment. The GHD budget policy provides that staff include a budget status throughout the year in the monthly financial reports presented to the Board. Each month, a financial report is included in the Board packet. Any spending limits and expenditures greater than \$25,000 must be approved by the Board.

CAO Scaglione addressed the need for a long-term financial plan, stating the District did not have one when he joined. He explained the plan is meant to look at finances historically and to make projections about revenue, expenses, and reserves in order to help with prudent decision making. It is a planning tool and not a commitment. It does not need to be adopted by the Board. The Committee suggested a five-year projection as a possible planning horizon. They may review the plan in more detail at a future meeting.

4. Public Salary Schedule Revised for 2025 COLA

CAO Scaglione presented the GHD public salary schedule for the fiscal year ending June 30, 2025. The adjustments to the salary schedule are for each cost-of-living adjustment, which was capped at 3.5% this year. CalPERS requires this information to be posted online.

The numbers on the schedule are derived from a salary survey conducted every three years that go before the Board for action. The current salary ranges are in place, with only two employees rated above the maximum. The salary ranges can be adjusted based on the survey results and subsequent COLAs. The merit system allows for individual salary increases, but the range shift is only possible through cost-of-living adjustments.

The Committee *recommends* that the Public Salary Schedule, revised for 2025 COLA, be brought before the full Board for approval.

5. Registration for Federal System of Award Management (SAM) (For Information Only)

CAO Scaglione will renew if necessary, the lapsing SAM registration.

6. Checks in excess of \$10,000 Issued in February 2025 (For Information Only)

A list of checks in excess of \$10,000 issued in February was included with the agenda for informational purposes only.

F. Next Meeting: The next regularly scheduled meeting is on the calendar for Tuesday, April 15, 2025, at 10:30 a.m.

G. Adjournment: There being no further business, the meeting adjourned at 12:23 p.m.