

---

---

**MEMORANDUM**

---

---

**TO:** Board of Directors  
**FROM:** Tom Scaglione, Chief Administrative Officer  
**SUBJECT:** Long Range Financial Plan  
**DATE:** September 19, 2024

---

---

Recommendation

Accept Long Range Financial Plan and Strategic Initiatives.

Background

A Long Range Financial Plan was presented at the November and December 2023 Finance Committee meetings and, as part of the budget process, to the Strategic Plan Committee in April. The Strategic Plan Committee recommended that the Long Range Financial Plan be presented to the full Board after the Budget is adopted to prepare for next year's budget considerations. Staff updated the Long Range Financial Plan and Strategic Initiatives (LRFP) to a new planning horizon, fiscal years 2025 through 2034, with the newly adopted budget as the base year for the projection. The Finance Committee met to discuss the updated LRFP on June 12, 2024, and recommended that the LRFP be presented to the full Board. At the July 2 Board meeting, staff presented the LRFP and received direction on changes, made those changes as described herein, provided the revised draft to the Board on August 15 to allow time for review before considering acceptance. The Long Range Financial Plan and the input received from the Board was discussed at the September 13 Finance Committee meeting. The Finance Committee recommended that the Board accept the Long Range Financial Plan.

The Proposed LRFP thoroughly documents the enduring fiscal impacts from budget execution and investments in projects that support the health and wellness programs and services for the residents of San Diego East County.

The LRFP identifies strategic grants and operational enhancement opportunities that have the most positive impacts on the health and wellness of East County residents. The Plan also projects the financial consequences of implementation of strategic initiatives at different levels of funding (0%, 50%, and 100%).

The purpose of the plan is to assess the financial capacity for the potential of strategic grants and operational enhancements to be executed. It is not a commitment. Approval for the funding of any strategic initiative happens during the budget process or through a budget adjustment. Expenditures related to strategic initiatives in excess of \$25,000 will always have to be approved by the Board.

## Discussion

A long range financial plan is a common and prudent planning tool that focuses on longer-term financial goals and key initiatives that are 5-10 years or more in the future. The title of the document is widely accepted as “Long Range Financial Plan”. To the credit community (investors, financial analysts, credit rating agencies like Moody’s, etc.), the term “Long Range Financial Plan” is as common as the terms “Budget” and “Financial Statements”.

A typical progression of planning is Strategic Plan (the umbrella), Long Range Financial Plan and the Budget. All three of these planning tools give guidance to the staff on the project they are allowed to work on. While the LRFP identifies strategies and levels of funding for strategic initiatives, it is neither the authority nor commitment to expend resources for strategic initiatives.

For budgeting, staff provides the best estimate possible, keeping in mind that estimates may be more than one year from execution. Budgets are usually developed conservatively to allow for flexibility. Public agencies should try to work within the budget allocations however, budget adjustments may be made in the year for unforeseen circumstances.

Presenting an “Estimated” or “Projected” year or two beyond the budget year is a common, transparent practice. For GHD it also helps establish the “Special Projects Reserve” amount.

Changes from the LRFP presented at the July 2 Board meeting to the LRFP presented herein include:

1. SG07 Community Reinvestment Grant initiative for \$2.64 million was eliminated and the Strategic Grants renumbered accordingly.
2. SG10 HOME Pilot Program was renamed to SG09 Street Medicine Pilot Program with funding reduced from \$2,700,000 to \$810,000.
3. OE02 Community Health Satellite Locations initiative for \$5.76 million was eliminated and the Operational Enhancements renumbered accordingly.
4. Resulting designated reserves, cash and investments in excess of designated reserves, and total cash and investments were adjusted for each funding option to reflect the aforementioned changes.
5. Option 5 was eliminated.

## Fiscal Impact

Detailed fiscal impacts, given specific assumptions, are presented in the attached Proposed Long Range Financial Plan and Strategic initiatives.



# Grossmont Healthcare District Long Range Financial Plan

Fiscal Years 2024-25 through 2033-34



**August 15, 2024**  
**Draft**

Grossmont Healthcare District is a public agency that supports community health and wellness programs and services for the residents of San Diego's East County.

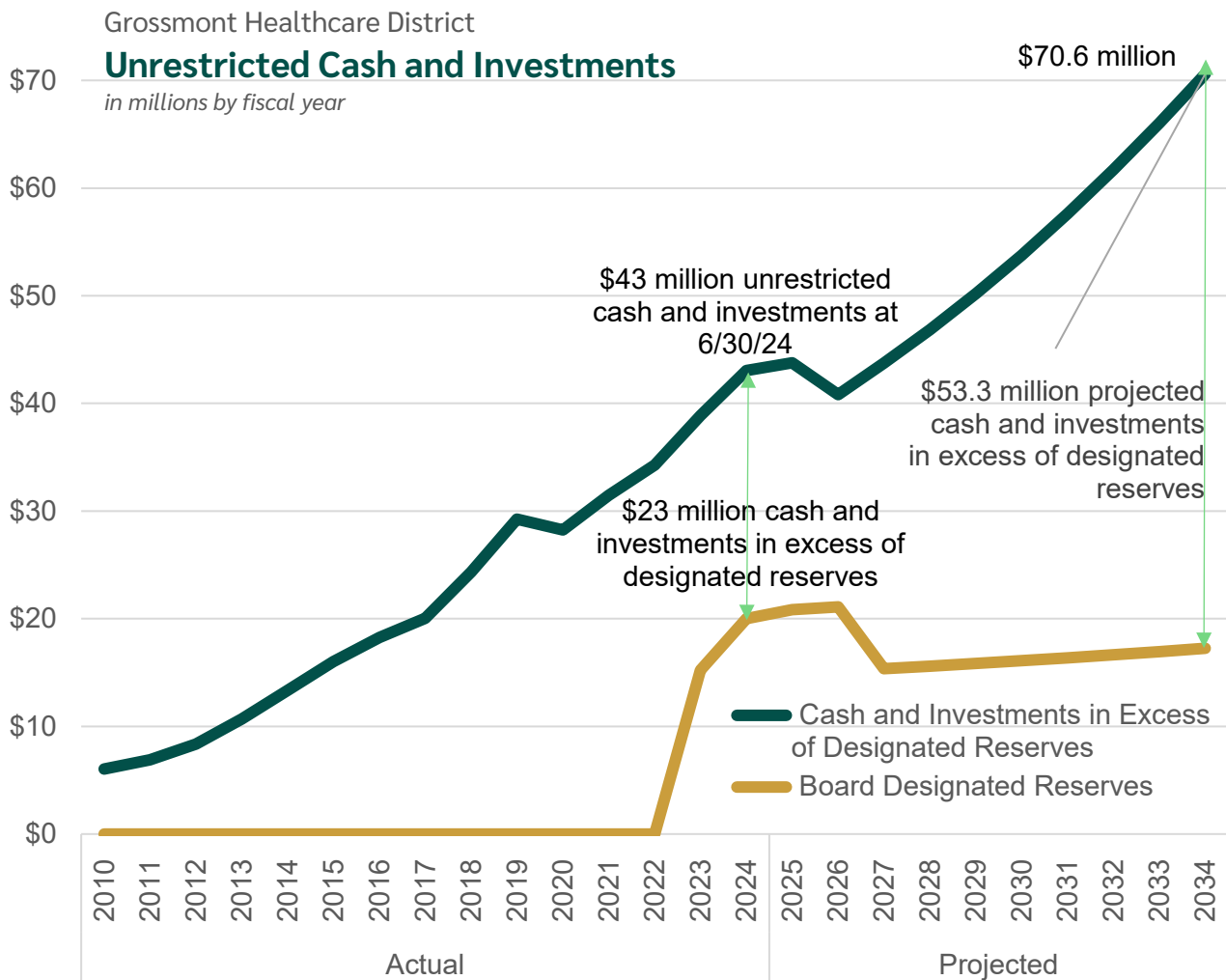
## Table of Contents

	<u>Page #</u>
Executive Summary	1
Finances Historically	3
Board Designated Reserves	6
Financial Projection and Assumptions	8
Plan Options: Health and Wellness Projects	16

## Executive Summary

The purpose of this Long Range Financial Plan (LRFP) is to thoroughly document the enduring fiscal impacts from planned capital improvement projects and opportunities to provide strategic grants and investments in projects that support health and wellness programs and services for the residents of San Diego East County.

The following graph represents historical and projected Board designated reserves (the maximum amount the District needs to operate) and the District's unrestricted cash and investments in excess of Board designated reserves. Page 6 of this LRFP provides a detailed discussion on Board designated reserves.



*Note: The District did not have a reserve policy prior to 2022. The District noted reserves pursuant to an amount determined in an "analysis" performed in June of 2019 but did not formally designate reserves by Board action until 2022.*

The preceding projection assumes that:

1. The District's 2024-25 Fiscal Year Budget is executed,
2. The District provides \$4 million in support to the Grossmont Hospital each year from fiscal year 2025-26 through fiscal year 2033-34,
3. Funding for community grants, sponsorships, and scholarships remain constant at FY 2025 budgeted levels, and
4. There is no funding for operational enhancements or strategic grants beyond the current fiscal year.

A detailed list of assumptions is presented on page 8 of this LRFP.

Given the assumptions used to project unrestricted cash and investments, the District is able to:

1. Fund all budgeted and projected capital improvements,
2. Provide \$4 million annually in support to Grossmont Hospital, and
3. Have \$53.3 million in excess of operational needs, commitments, and contingencies (designated reserves), available over the next ten years for strategic grants, operational enhancements, increased hospital support, and increased grants, sponsorships, and scholarships to support health and wellness programs and services for the residents of San Diego East County.

#### Strategic Grant and Operational Enhancement Opportunities

A strategic grant (SG) is funding provided to a nonprofit partner for a significant investment in a capital project or the initiation of a program that will have lasting returns in the form of addressing the health and wellness needs of the residents of San Diego East County. Examples of SG options considered herein include Health Career Pathways grants, Workforce Development Incentives, and a Family Practice Residency Program. An exhaustive list of SG opportunities is included in the District's Health & Wellness Strategic Initiatives (HWSI) accompanying this LRFP.

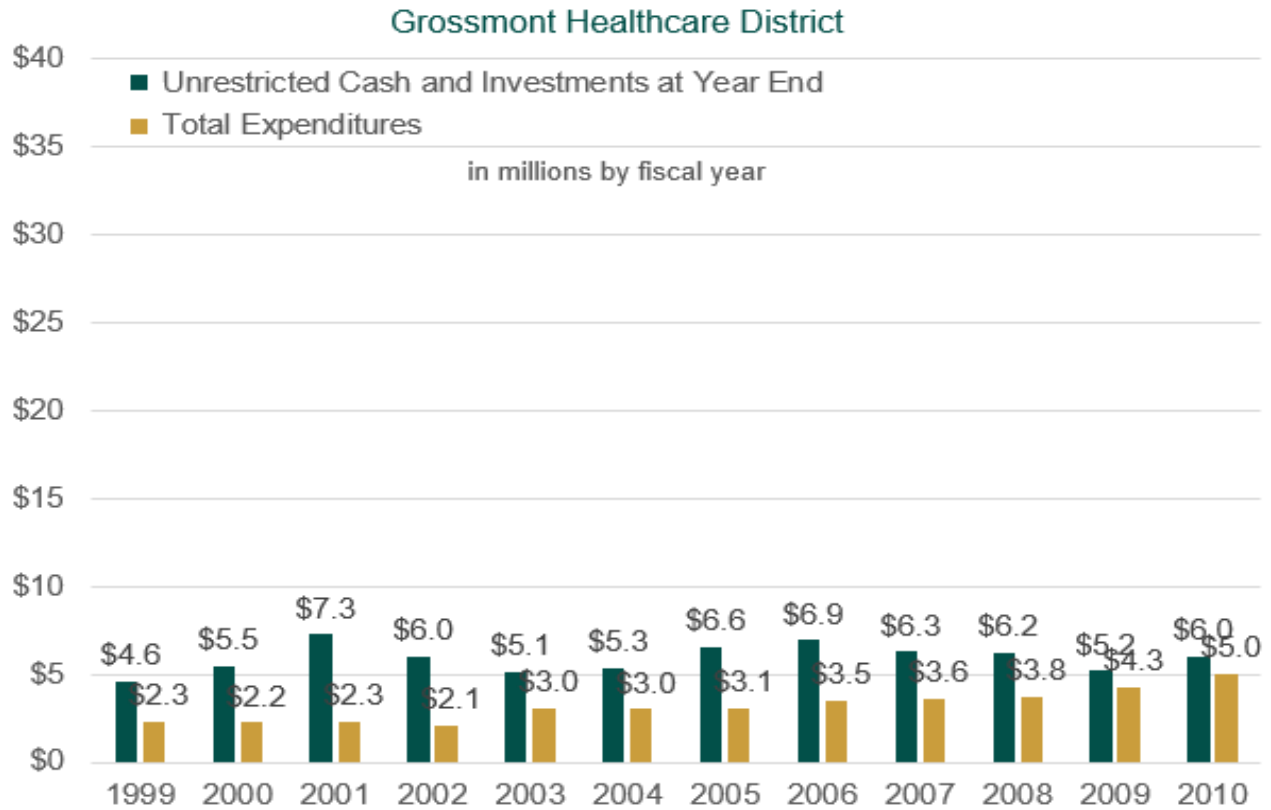
An Operational Enhancement (OE) is a GHD internal endeavor that increases the District's capacity to fulfill its mission and improve the health and wellness of East County residents. OEs, detailed in the HWSI, include Community Health Satellite Locations, a Rural Transport Van, and Health and Wellness Library Partnerships.

One-hundred percent of all of the SGs and OEs noted in this LRFP can be executed while still maintaining reserves above maximum target levels. There will be no need to incur debt because the District's financial position includes a projected \$53.3 million in excess of projected funding needs.

The General Fund is the focus of the LRFP. The Debt Service Fund is not included in this LRFP. The District plans for the Debt Service Fund, restricted assets and liabilities, in the annual budget and monthly interim financial reporting.

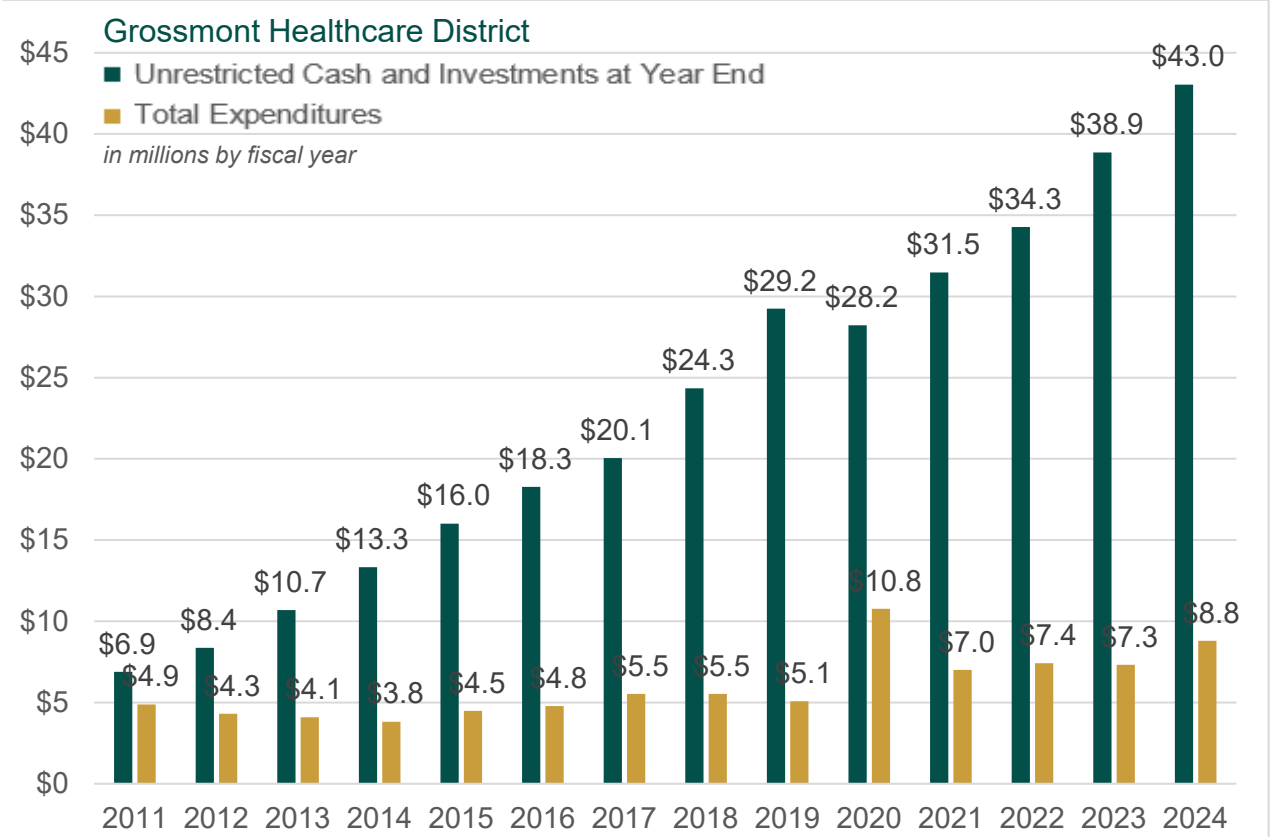


## Finances Historically



As illustrated in the graph above, during the fourteen-year period from Fiscal Year 1996-97 through Fiscal Year 2009-10, the District's total spending averaged \$3.2 million annually.

The ending balance of unrestricted cash and investments, as noted from the above graph, averaged \$5.9 million for this same time period. Although the District did not have a reserve policy during this time, available cash and investments were adequate to address both planned and unplanned operational expenses. The District accumulated and retained more money than the annual operating budget. A detailed discussion on Board designated reserves starts on page 6 of this LRFP.



During the time frame noted above, from Fiscal Year 2010-11 through Fiscal Year 2023-24, total expenditures averaged \$6 million annually, while unrestricted cash and investments increased from \$6 million in the prior time frame to \$43 million as of June 30, 2024 - a 613% increase.

The increase in unrestricted cash and investments is largely due to increased property tax revenues, while discretionary spending (grants, sponsorships, and scholarships) remained at a constant level. Property tax revenue in Fiscal Year 2009-10 was \$5.8 million and \$11.4 million in Fiscal Year 2023-24 - an 96.6% increase. While discretionary expenditures remained constant, the annual revenues over expenditures accumulated exponentially since 2010.



**Historical Cash Flows**

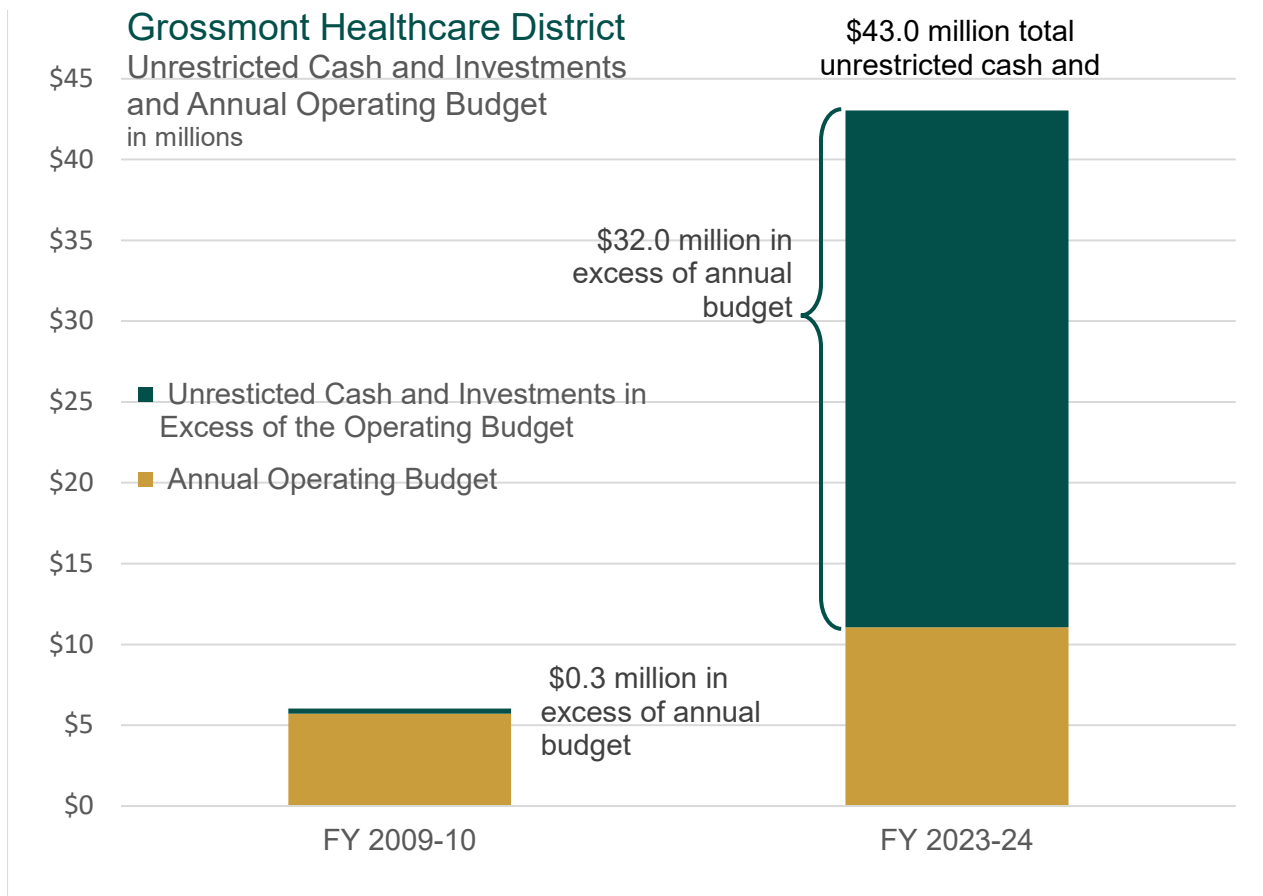
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Beginning Cash and Investments	\$ 5,185,315	\$ 6,040,375	\$ 6,894,384	\$ 8,370,384	\$10,691,258	\$13,339,083	\$16,008,057
<b>Sources</b>							
Property Tax	5,799,803	5,670,533	5,654,562	6,307,692	6,242,674	7,020,933	6,915,893
Investment Earnings	82,431	55,432	44,404	108,683	70,655	136,660	130,353
Briercrest Lease	-	-	-	-	-	-	-
CERBT Reimbursements	-	-	-	-	-	-	-
Other	-	-	83,949	-	153,932	-	(360)
<b>Total Sources</b>	<u>5,882,234</u>	<u>5,725,965</u>	<u>5,782,915</u>	<u>6,416,375</u>	<u>6,467,261</u>	<u>7,157,593</u>	<u>7,045,886</u>
<b>Uses</b>							
Grants and Sponsorships	1,116,749	1,309,941	902,451	896,541	818,058	1,014,018	1,056,285
Scholarships	135,000	135,000	135,000	144,000	152,000	127,000	127,000
Hospital Support	950,000	1,030,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Strategic Grants	-	-	-	-	-	-	-
Programs and Events	50,000	50,000	60,000	65,500	65,500	65,500	65,500
Community Administration	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Library Operations	271,470	297,622	285,438	295,129	293,364	299,106	293,005
Admin and Facilities	2,501,555	2,019,526	1,914,427	1,683,616	1,488,114	1,927,424	2,242,346
Capital Outlay	-	27,467	7,199	8,315	-	53,171	-
<b>Total Uses</b>	<u>5,027,174</u>	<u>4,871,956</u>	<u>4,306,915</u>	<u>4,095,501</u>	<u>3,819,436</u>	<u>4,488,619</u>	<u>4,786,536</u>
Change in Cash and Investments	855,060	854,009	1,476,000	2,320,874	2,647,825	2,668,974	2,259,350
Ending Cash and Investments	<u>\$ 6,040,375</u>	<u>\$ 6,894,384</u>	<u>\$ 8,370,384</u>	<u>\$10,691,258</u>	<u>\$13,339,083</u>	<u>\$16,008,057</u>	<u>\$18,267,407</u>

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Beginning Cash and Investments	\$18,267,407	\$20,050,020	\$24,347,515	\$29,241,360	\$28,232,534	\$31,469,230	\$34,280,453
<b>Sources</b>							
Property Tax	7,270,818	7,786,684	8,285,534	8,679,307	9,167,085	9,581,854	10,481,800
Investment Earnings	32,200	109,787	715,886	650,273	214,671	206,592	1,035,570
Briercrest Lease	-	-	-	-	-	83,625	93,403
CERBT Reimbursements	-	-	-	-	179,210	184,312	231,777
Other	-	1,939,048	961,738	427,758	849,596	174,079	61,742
<b>Total Sources</b>	<u>7,303,018</u>	<u>9,835,519</u>	<u>9,963,158</u>	<u>9,757,338</u>	<u>10,410,562</u>	<u>10,230,462</u>	<u>11,904,292</u>
<b>Uses</b>							
Grants and Sponsorships	2,095,295	1,219,540	1,258,793	1,324,527	1,542,654	1,413,103	1,404,011
Scholarships	100,000	88,000	99,500	187,000	163,850	181,850	165,500
Hospital Support	1,050,000	2,000,000	1,070,000	6,844,000	2,628,000	2,945,770	2,251,316
Strategic Grants	-	-	-	-	-	-	-
Programs and Events	65,500	58,981	46,206	18,718	5,282	4,591	27,634
Community Administration	2,400	16,100	3,500	-	-	263,305	342,551
Library Operations	318,552	314,336	322,756	367,357	403,953	443,292	552,584
Admin and Facilities	1,862,935	1,841,067	2,247,292	2,004,598	2,430,127	2,140,111	2,277,329
Capital Outlay	25,723	-	21,266	19,964	-	27,217	296,944
<b>Total Uses</b>	<u>5,520,405</u>	<u>5,538,024</u>	<u>5,069,313</u>	<u>10,766,164</u>	<u>7,173,866</u>	<u>7,419,239</u>	<u>7,317,869</u>
Change in Cash and Investments	1,782,613	4,297,495	4,893,845	(1,008,826)	3,236,696	2,811,223	4,586,423
Ending Cash and Investments	<u>\$20,050,020</u>	<u>\$24,347,515</u>	<u>\$29,241,360</u>	<u>\$28,232,534</u>	<u>\$31,469,230</u>	<u>\$34,280,453</u>	<u>\$38,866,876</u>

## Board Designated Reserves

Per industry reserve policy guidelines, a special district with no capital needs would reserve no more than the annual operating budget to address planned and unplanned operating expenses. Before the escalation of cash and investments, the District's unrestricted cash and investments exceeded the annual budget by \$0.3 million. Equating reserves to cash and investments, the District was adequately funded in 2010.

In 2024, the District's unrestricted cash and investments exceeded it's operational need by \$32 million, as noted in the graph below.



The District's Board of Directors adopted its first reserve policy in 2021 in anticipation of the Fiscal Year 2022-23 Budget. In addition to reserves for one year of operating and administrative expenditures (which includes anticipated capital acquisitions and improvements), the new policy added provisions for additional reserves as follows:

Contingency Reserve

To ensure cash resources are available to address potential risks, such as premature termination of the hospital lease, the District reserves a minimum of 20% of the annual budgeted General Fund property tax revenue and a maximum equal to the estimated cost of professional fees and expenses needed for a transition team in the event of an early hospital lease cancellation (estimated at \$5,000,000 in *A Risk-Based Analysis of General Fund Minimum Reserve Requirements* prepared in 2019).

Special Projects Reserves

To ensure resources are available to fund planned major projects, the District reserves the amount of costs estimated to be incurred beyond the budget year to complete the projects. This reserve currently includes \$1.9 million for capital improvements, and \$0.7 million for strategic grants.

Collectively, the operating and administrative, contingency, and special projects reserves comprise the foreseeable and unforeseeable needed cash and investment balance, and the District's Board Designated reserves, as noted below.

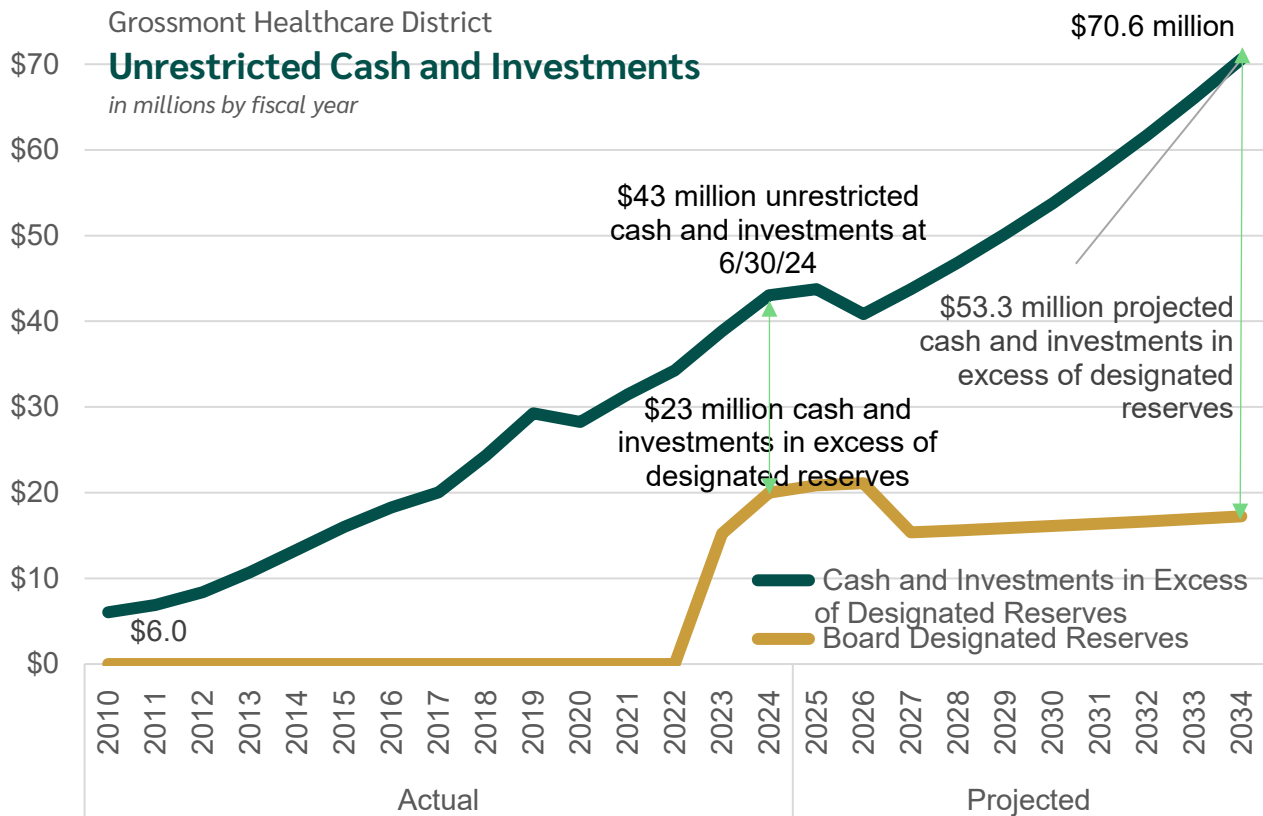
Reserve	FY 23-24
Administrative	\$ 4,419,000
Operating	8,807,000
Contingency	5,000,000
Special Projects	2,625,000
Total Designated Reserves	<u>\$ 20,851,000</u>

The District's policy also has a provision for a Supplemental Revenue Reserve to account for available reserves that are not from property tax revenue. These reserves are accumulated from investment earnings, a parking lot lease, and other nonoperating revenues. Supplemental revenue reserves are not included in designated reserves since they are a funding source, not a funding need or use.

The District is projected to accumulate \$53.4 million in excess of its identified cash need, Board designated reserves, after funding 100% of the FY 2024/25 Budget and at the end of the forecast period (June 30, 2034), given the assumptions of the base

## Financial Projection and Assumptions

The following graph represents historical and projected Board designated reserves (the maximum amount the District needs to operate) and the District's unrestricted cash and investments in excess of Board designated reserves.



Given the assumptions detailed below, the District is able to fund the FY 2024/25 budgeted and projected FY 2025/26 projection presented in the budget, provide \$4 million annually in support to Grossmont Hospital, and have \$53.3 million available over the next ten years for strategic grants, operational enhancements, increased hospital support, and increased grants, sponsorships, and scholarships to support health and wellness programs and services for the residents of San Diego East County. Strategic grant opportunities and projects that support community health and wellness programs and services for San Diego's East County are discussed on page 16 of this LRFP.

**Unrestricted Cash and Investments**

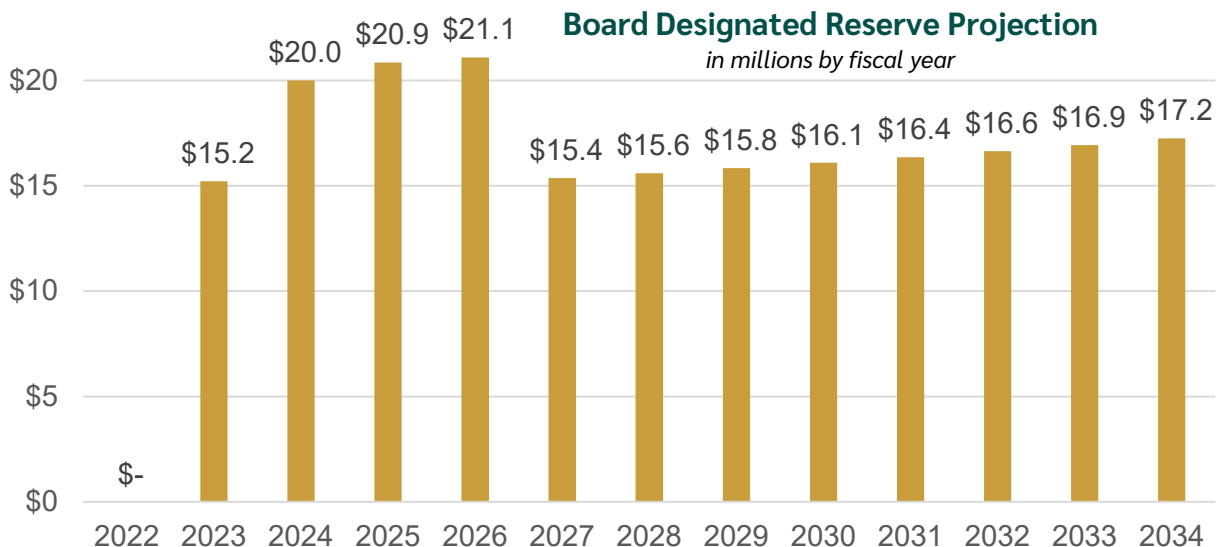
The District maintains two funds: the General Fund and the Debt Service Fund.

The Debt Service Fund accounts for the collection of special-assessment property tax levied for the repayment of principal and interest (debt service) on bonds issued for Grossmont Hospital capital improvements, and the debt service paid to bondholders. The cash and investments within the Debt Service Fund are restricted for payment of the hospital bonds debt service and financing-related expenditures. The District plans for the Debt Service Fund (restricted assets) in the annual budget and monthly interim financial reporting. The Debt Service Fund is not a topic of this LRFP.

The General Fund, the focus of this LRFP, accounts for unrestricted ad valorem property tax revenue, other revenues, and expenditures necessary to execute the District's mission. The General Fund is made up of four departments: Community Health Support, Community Health Library, Administration, and Facilities. The balance of cash and investments maintained in the General Fund is considered unrestricted for accounting and financial reporting purposes. However, constitutional provisions restrict the use of "unrestricted" cash and investments for the purpose for which the District exists - supporting community health and wellness programs and services for the residents of San Diego's East County.

**Board Designated Reserves**

The District did not have a reserve policy or designated reserves until Fiscal Year 2022-23. The trend depicted in the projection on page 8 shows \$0 for Board Designated Reserves until reserves were presented and adopted in the District's Fiscal Year 2022-23 budget. From that point forward, the projection assumes Board Designated Reserves in accordance with the District's reserve policy, as discussed on pages 6 and 7 of this LRFP.



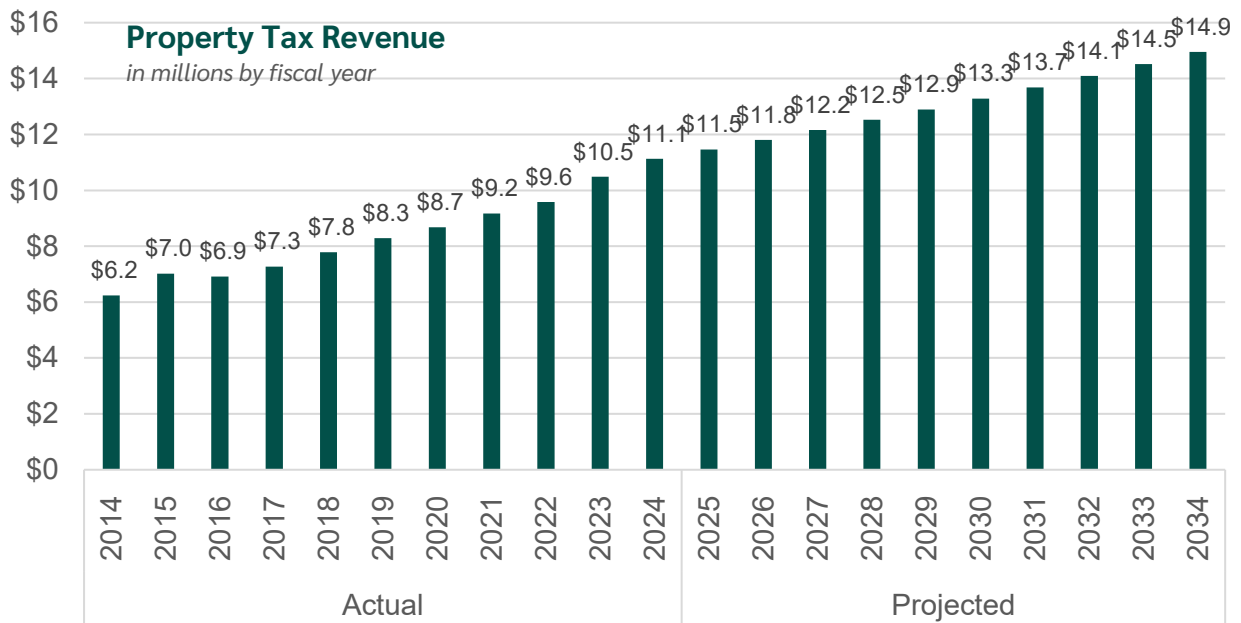
The Board designated reserves shown on the preceding graph include capital improvements and increases in hospital support (IGT program) from \$1 million, to \$2 million, to \$3.5 million, to \$8 million, which account for the spike in fiscal years 2023-24, 2024-25, and 2025-26.

**Projected Revenues and Expenses**

Revenues and expenses are projected on a cash basis to fit into a cash flow model: beginning cash and investments plus revenue (sources) minus expenses (uses) equals ending cash and investments. Revenues and expenses for fiscal years 2024-25 and 2025-26 are assumed as budgeted and projected in the Fiscal Year 2024-25 adopted budget. Individual line items of the projection are discussed in the remainder of this section of the LRF.

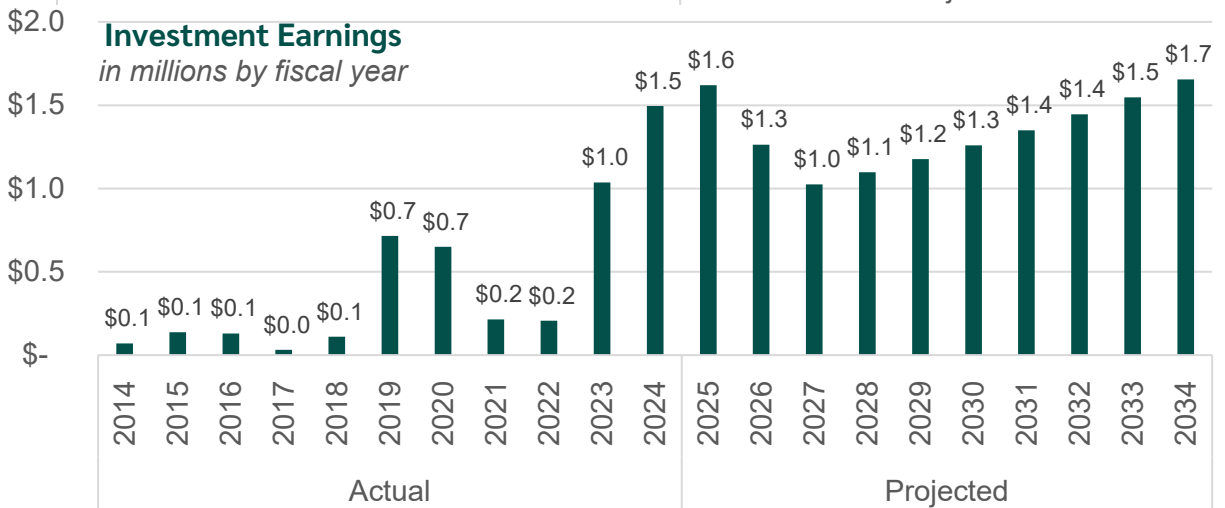
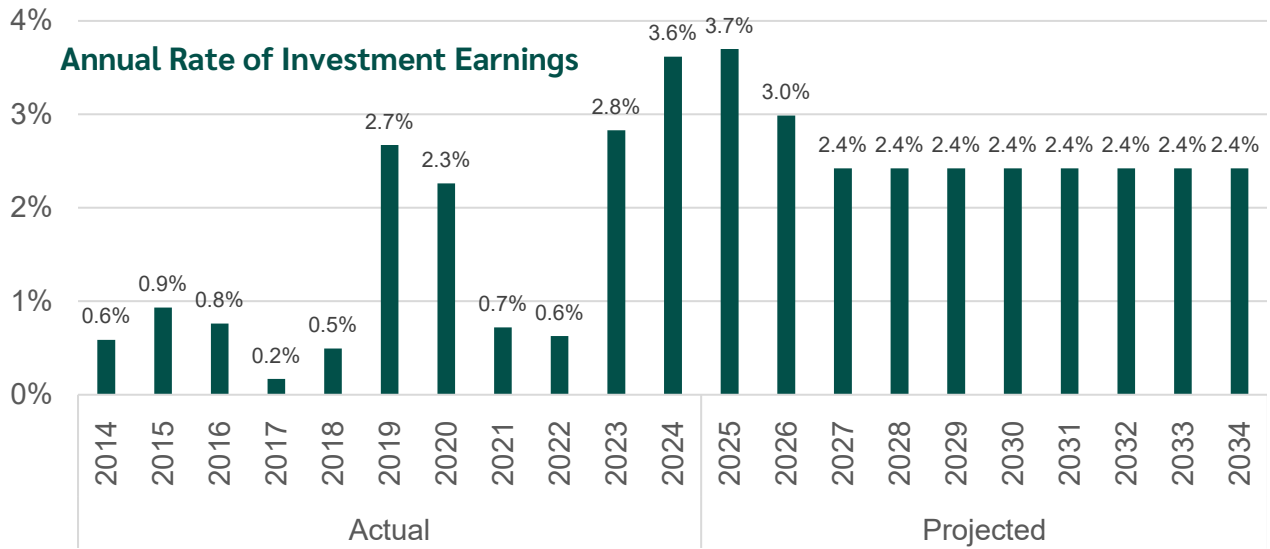
**Property Tax Revenue**

Over the past 25 years property tax revenue increases averaged 5.3% annually. The lowest ten year valley averaged increases of 2.5% annually. This LRF assumes annual



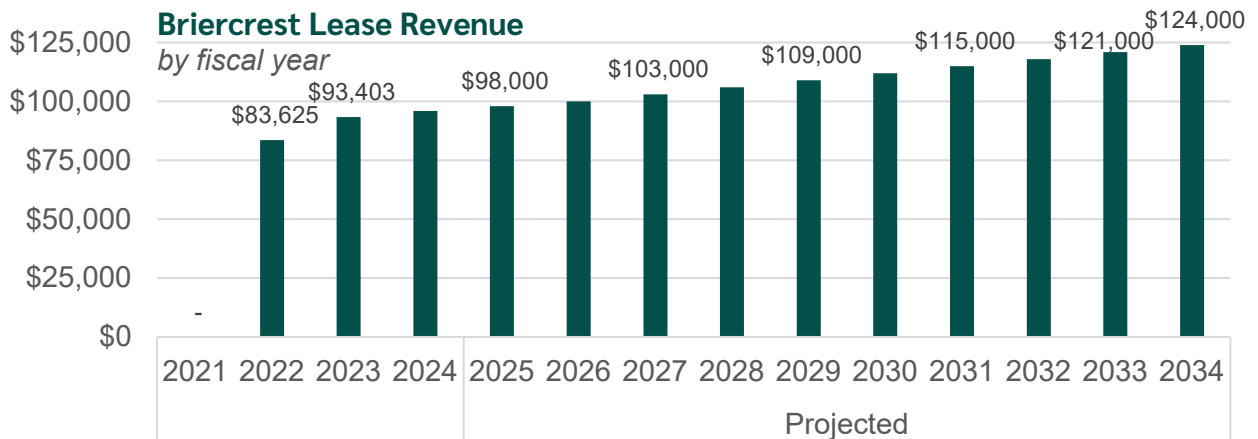
**Investment Earnings**

The annual rate of return on investments is assumed to be 2.4% which, as a conservative measure, is 75% of the average of returns projected for FY 2026 in the FY 2024/25 Budget. Percentages from prior years shown on the following graph are lower because of valleys in the market rate of interest and the District's investment portfolio was not actively managed.



**Briercrest Lease**

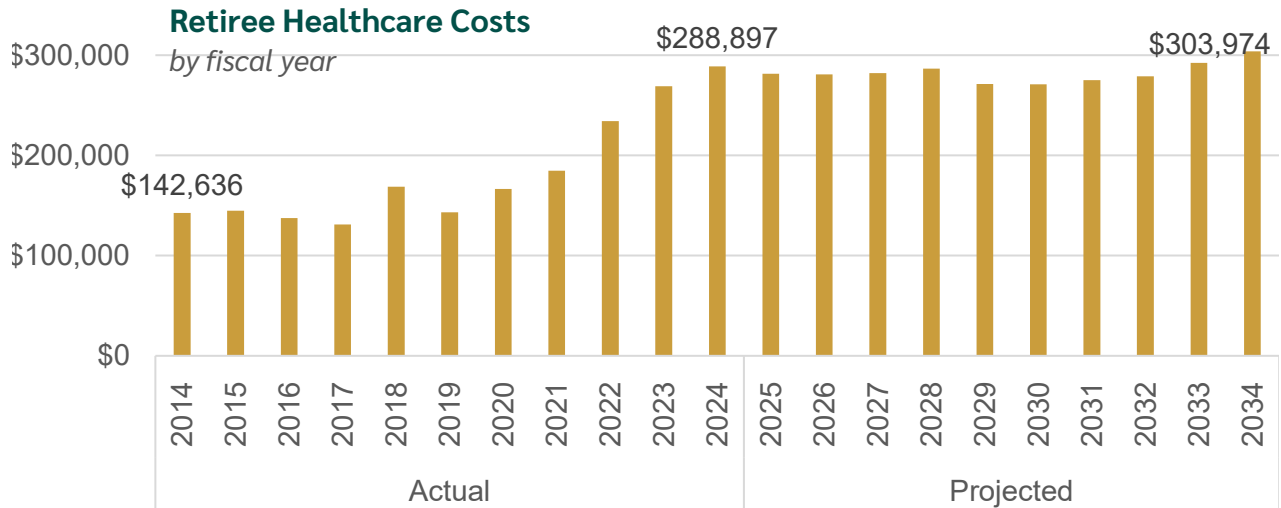
The District began leasing a parking lot to Sharp Grossmont Hospital Investment in Fiscal Year 2021-22. The 10-year lease agreement provides for 2.5% annual increases. This projection assumes either a lease renewal of the same terms or similar income generated from property ownership.



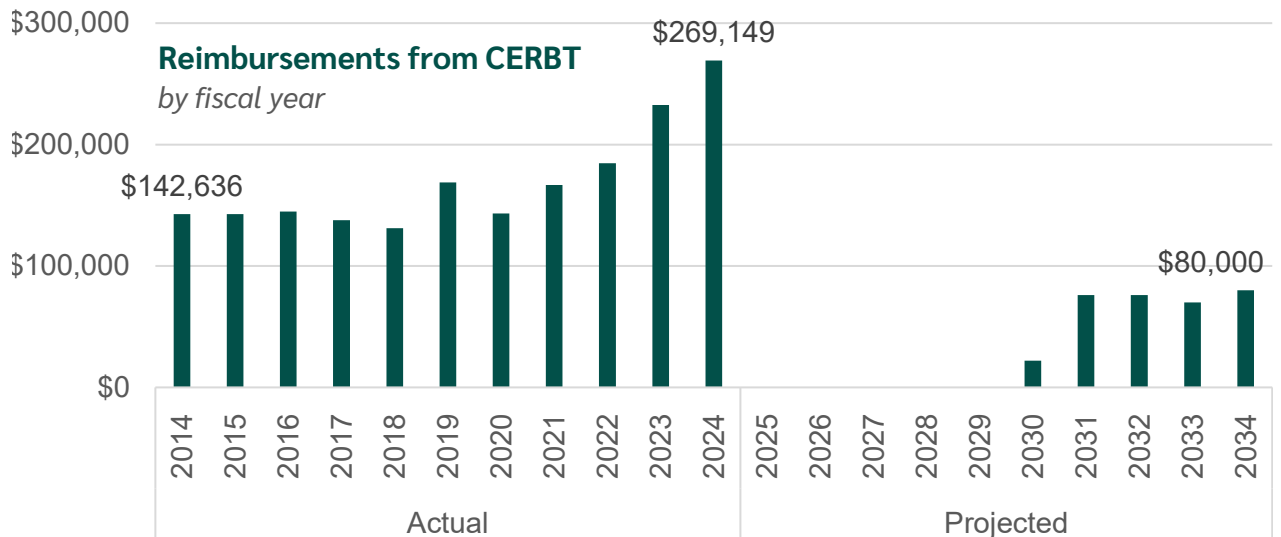


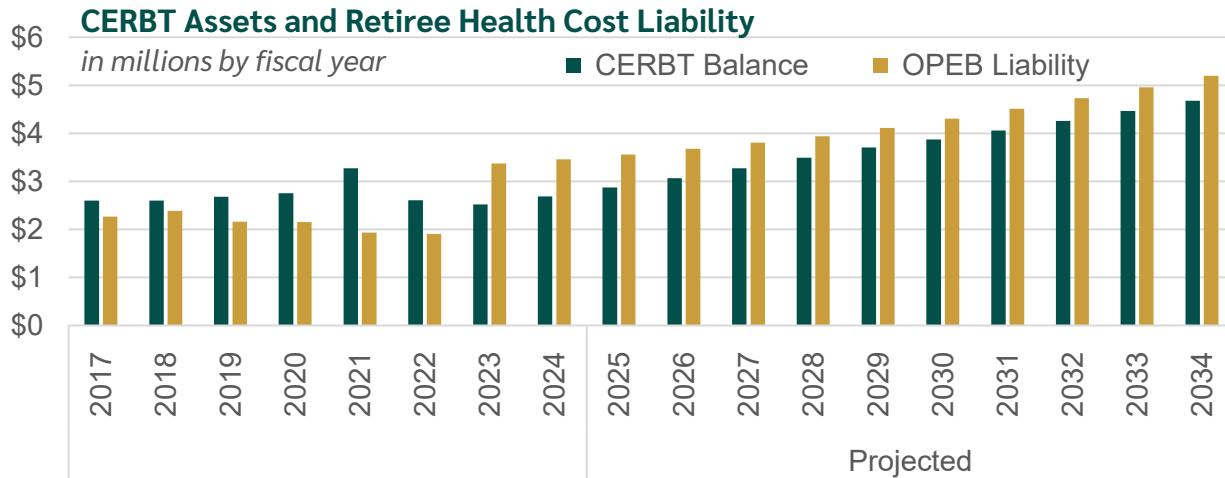
**California Employee Retirement Benefit Trust (CERBT) Reimbursements**

The graph below shows the District's actual and actuarially projected retiree health care costs .



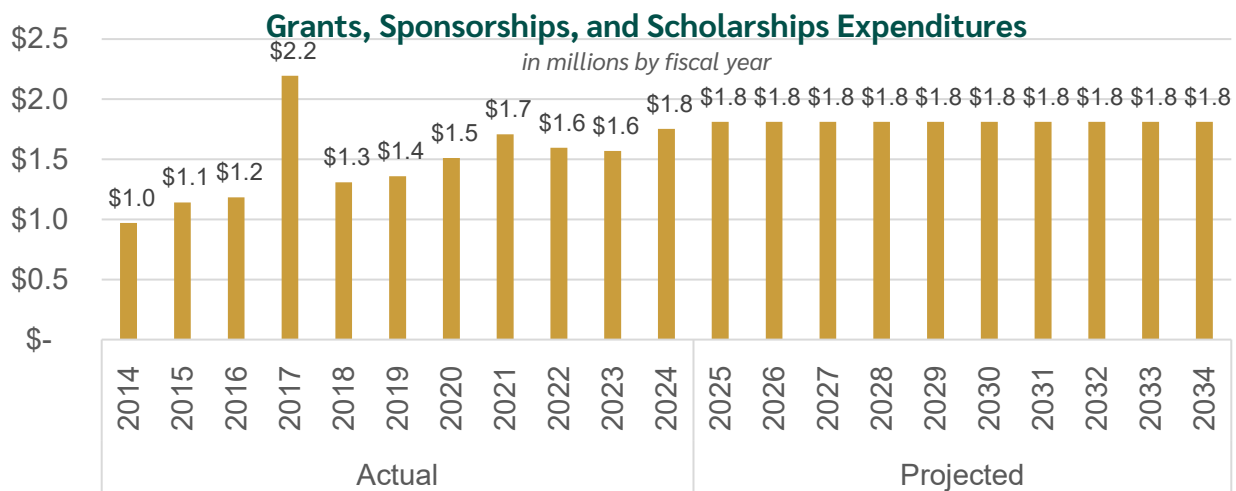
The District maintains an irrevocable trust, CERBT, for the sole benefit of retired employees receiving post-retirement medical benefits. The District may be reimbursed from the trust for all or some of the cost of retiree medical benefits included in administrative expenses. The District recently received a draft OPEB actuarial report for Fiscal Year 2024 which indicated that trust assets no longer exceed the actuarially determined liability. No reimbursement is planned in fiscal years 2025 through 2028, and, thereafter, only reimbursements that will result in a 90% funded status.





### Grants, Sponsorships, and Scholarships

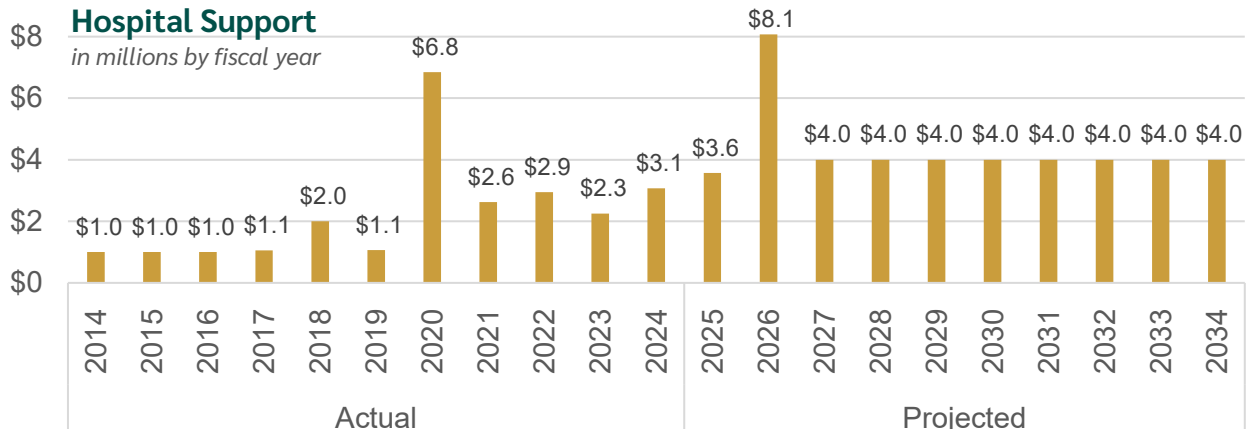
Expenditures for grants, sponsorships, and scholarships have remained fairly constant historically, averaging \$1.3 million per year. During the last budget process, budgeted grants and scholarships were kept at the previous year's budget levels. The LRFPA assumes a constant level for grants, sponsorships, and scholarships each year. Among the purposes of this LRFPA is to assess the capacity for increased support to the District's nonprofit healthcare providers and health career educators. Scenarios for increased support are presented in the LRFPA starting on page 16.



### Hospital Support

The District leases the operation of the hospital to Sharp. The District also supports the hospital with Inter-Governmental Transfers (IGT) of matching grant money to the State of California. The State draws down matching federal money for Medicaid covered services and transfers the original funds provided by the District plus the dollar-for-dollar federal match to Sharp Grossmont Hospital to offset the financial loss from uninsured or underinsured Medicaid services.

The District occasionally provides matching grants to the hospital for expanded or improved facilities, as the case with the construction of the Stroke Center and the Neuroscience Center, each provided with a \$4 million matching grant. The District also sponsors fund raising events for the Grossmont Hospital Foundation. The most recent commitment to the State is a \$3.5 million to be expended in FY 2025, and a placeholder for the State's budget of \$8 million for FY 2026. The actual FY 2026 commitment can be less, but not more, and is conservatively projected at the \$8 million placeholder, with future years of IGT and other hospital support projected at \$4 million.



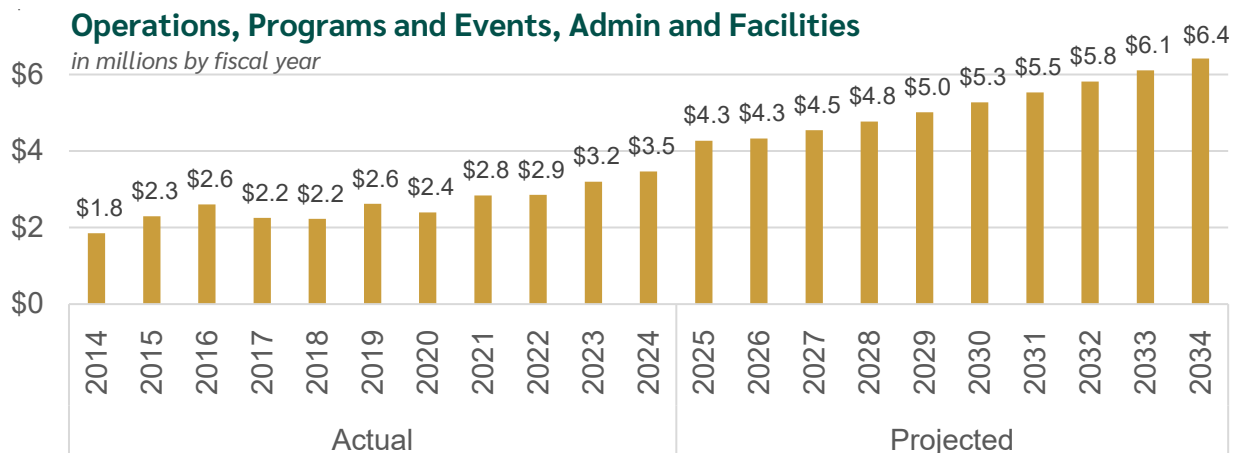
Among the purposes of this LRFP is to assess the capacity for increased hospital support. Scenarios for increased support are presented in the LRFP, starting on page 16.

**Capital Outlay**

The LRFP projection includes capital improvements budgeted and projected in the FY 2024/25 budget and assumes \$20,000 per year beyond FY 2026.

**Operations, Programs and Events, Administration and Facilities**

For all other costs, uses of funds, are projected using a weighted average inflation: merits on eligible salaries of 4%, COLAs at 3.5%, benefits 4%, and other costs 4.5%. These factors are weighted within each department: Community Support 5.633%, Library 5.715%, and Admin and Facilities 4.635%.



**Projected Cash Flows (base projection)**

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Beginning Cash and Investments	\$43,813,000	\$43,762,000	\$40,824,000	\$43,735,000	\$46,857,000
<b>Sources</b>					
Property Tax	11,457,000	11,801,000	12,155,000	12,520,000	12,896,000
Investment Earnings	1,620,000	1,263,000	1,024,000	1,097,000	1,176,000
Briercrest Lease	98,000	100,000	103,000	106,000	109,000
CERBT Reimbursements	-	-	-	-	-
<b>Total Sources</b>	<u>13,175,000</u>	<u>13,164,000</u>	<u>13,282,000</u>	<u>13,723,000</u>	<u>14,181,000</u>
<b>Uses</b>					
Grants and Sponsorships	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Scholarships	311,000	311,000	311,000	311,000	311,000
Hospital Support	3,570,000	8,070,000	4,000,000	4,000,000	4,000,000
Strategic Grants	1,496,000	-	-	-	-
Programs and Events	91,000	97,000	101,000	106,000	111,000
Community Administration	776,000	757,000	800,000	845,000	893,000
Library Operations	1,063,000	1,013,000	1,071,000	1,132,000	1,197,000
Admin and Facilities	2,339,000	2,454,000	2,568,000	2,687,000	2,812,000
Capital Outlay	2,080,000	1,900,000	20,000	20,000	20,000
<b>Total Uses</b>	<u>13,226,000</u>	<u>16,102,000</u>	<u>10,371,000</u>	<u>10,601,000</u>	<u>10,844,000</u>
Change in Cash and Investments	(51,000)	(2,938,000)	2,911,000	3,122,000	3,337,000
Ending Cash and Investments	<u>\$43,762,000</u>	<u>\$40,824,000</u>	<u>\$43,735,000</u>	<u>\$46,857,000</u>	<u>\$50,194,000</u>
	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>	<u>FY 2033</u>	<u>FY 2034</u>
Beginning Cash and Investments	\$50,194,000	\$53,773,000	\$57,632,000	\$61,720,000	\$66,035,000
<b>Sources</b>					
Property Tax	13,283,000	13,681,000	14,091,000	14,514,000	14,949,000
Investment Earnings	1,259,000	1,350,000	1,446,000	1,548,000	1,655,000
Briercrest Lease	112,000	115,000	118,000	121,000	124,000
CERBT Reimbursements	22,000	76,000	76,000	70,000	80,000
<b>Total Sources</b>	<u>14,676,000</u>	<u>15,222,000</u>	<u>15,731,000</u>	<u>16,253,000</u>	<u>16,808,000</u>
<b>Uses</b>					
Grants and Sponsorships	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Scholarships	311,000	311,000	311,000	311,000	311,000
Hospital Support	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Strategic Grants	-	-	-	-	-
Programs and Events	116,000	121,000	126,000	132,000	138,000
Community Administration	943,000	996,000	1,052,000	1,111,000	1,174,000
Library Operations	1,265,000	1,337,000	1,413,000	1,494,000	1,579,000
Admin and Facilities	2,942,000	3,078,000	3,221,000	3,370,000	3,526,000
Capital Outlay	20,000	20,000	20,000	20,000	20,000
<b>Total Uses</b>	<u>11,097,000</u>	<u>11,363,000</u>	<u>11,643,000</u>	<u>11,938,000</u>	<u>12,248,000</u>
Change in Cash and Investments	3,579,000	3,859,000	4,088,000	4,315,000	4,560,000
Ending Cash and Investments	<u>\$53,773,000</u>	<u>\$57,632,000</u>	<u>\$61,720,000</u>	<u>\$66,035,000</u>	<u>\$70,595,000</u>

## Plan Options: Health and Wellness Projects

Given the preceding financial projection and assumptions, hereafter referred to the Base Projection or Option 2, the District will have \$70.6 million in unrestricted cash and investments by June 30, 2034, which is the end of the projection period. Of the \$70.6 million, \$17.2 million will need to be reserved for operations and administration, and unforeseen contingencies. The remaining \$53.3 million in unrestricted cash and investments will be available to fund strategic grants and operational enhancements; increase community health grants, sponsorships, and scholarships; and provide additional hospital support.

The \$53.3 million in excess cash and investments will be reduced by the execution of strategic plan options and forgone investment earnings on amounts invested in community health.

Typically, an LRFPP considers alternative debt options for funding projected investments that support the District's mission. However, debt is not a consideration of this LRFPP because of the magnitude of the cash and investments in excess of maximum reserve targets.

Potential strategic grant and operational enhancement opportunities are described in the accompanying Health & Wellness Strategic Initiatives. A spending plan to accomplish all of the strategic grant and operational enhancement opportunities is noted in the following table and used in the various plan scenarios discussed and

Funding Plan in millions by fiscal year

	2026	2027	2028	2029	2030	2031	2032	2033	2034
SG01	\$ 0.18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SG02	1.00	1.00	1.00	1.00	1.20	1.40	1.60	1.60	1.60
SG03	0.45	0.30	-	-	-	-	-	-	-
SG04	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
SG05	0.10	-	-	-	-	-	-	-	-
SG06	0.40	0.60	-	-	-	-	-	-	-
SG07	-	-	-	0.50	0.50	0.50	0.50	-	-
SG08	-	-	-	-	-	-	-	0.50	0.50
SG09	-	-	0.31	0.25	0.25	-	-	-	-
SG10	-	-	0.30	0.35	0.15	0.20	-	-	-
OE01	1.00	0.50	0.50	-	-	-	-	-	-
OE02	-	0.23	0.15	0.15	0.15	0.15	0.15	0.15	0.15
OE03	-	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
<b>Total</b>	<b>\$ 4.13</b>	<b>\$ 3.83</b>	<b>\$ 3.46</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>

***Financial Plan Options***

There is an infinite number of financial plan options. The following options are intervals of funding and all assume execution of the FY 2025 budget unless otherwise noted.

*Plan Option 1:* No strategic grants beyond FY 2025, no operational enhancements, and no capital improvements.

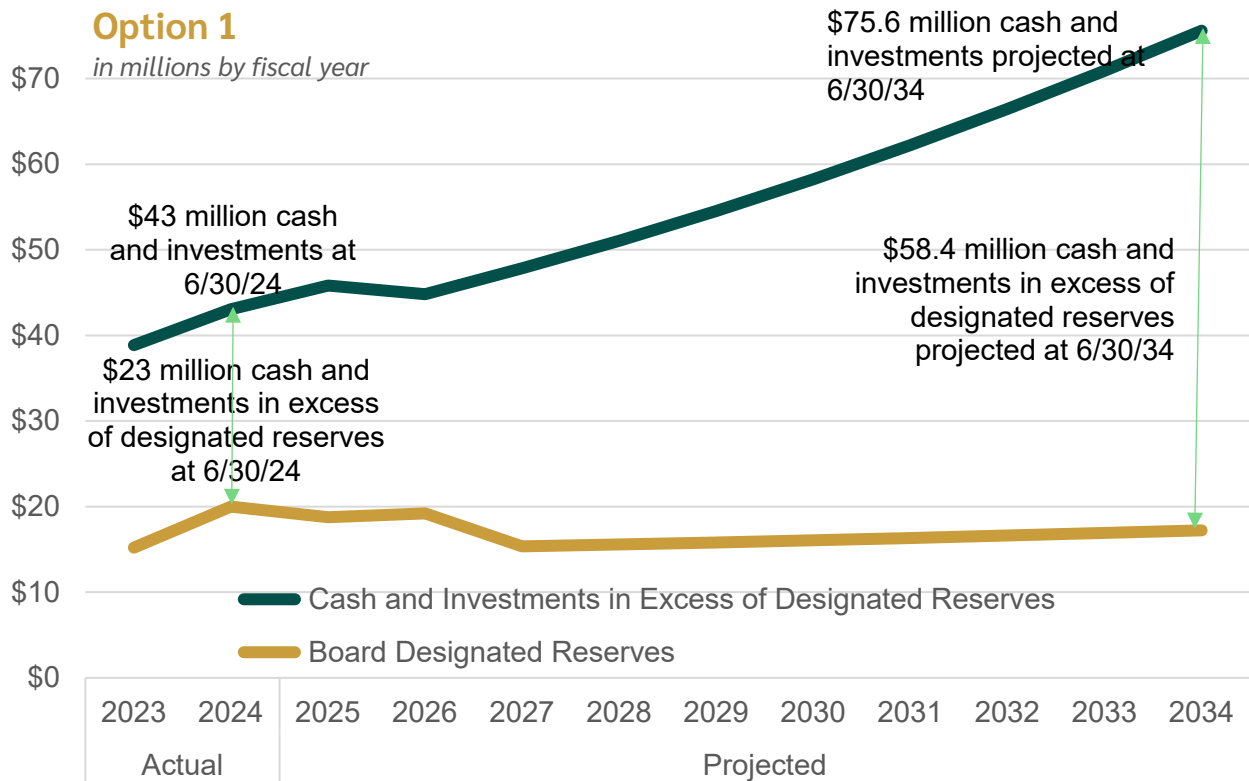
*Plan Option 2:* Base Projection - No strategic grants beyond the FY 2025, no operational enhancements, capital improvements as budgeted and projected in the FY2025 budget and \$20k per year thereafter.

*Plan Option 3:* Option 2 plus execute half strategic grants and operational enhancements.

*Plan Option 4:* Option 2 plus execute 100% of the strategic grants and operational enhancements.

**Plan Option 1**

If the District were execute the FY 2025 budget with the exception of capital improvements, not fund any future capital improvements, strategic initiatives, and fund community grants, sponsorships, scholarships and hospital support to the extent projected on the Base projection, the District would accumulate \$75.6 million in unrestricted cash and investments by June 30, 2034, with \$58.4 million in excess of the maximum reserve targets, as illustrated in the graph below.



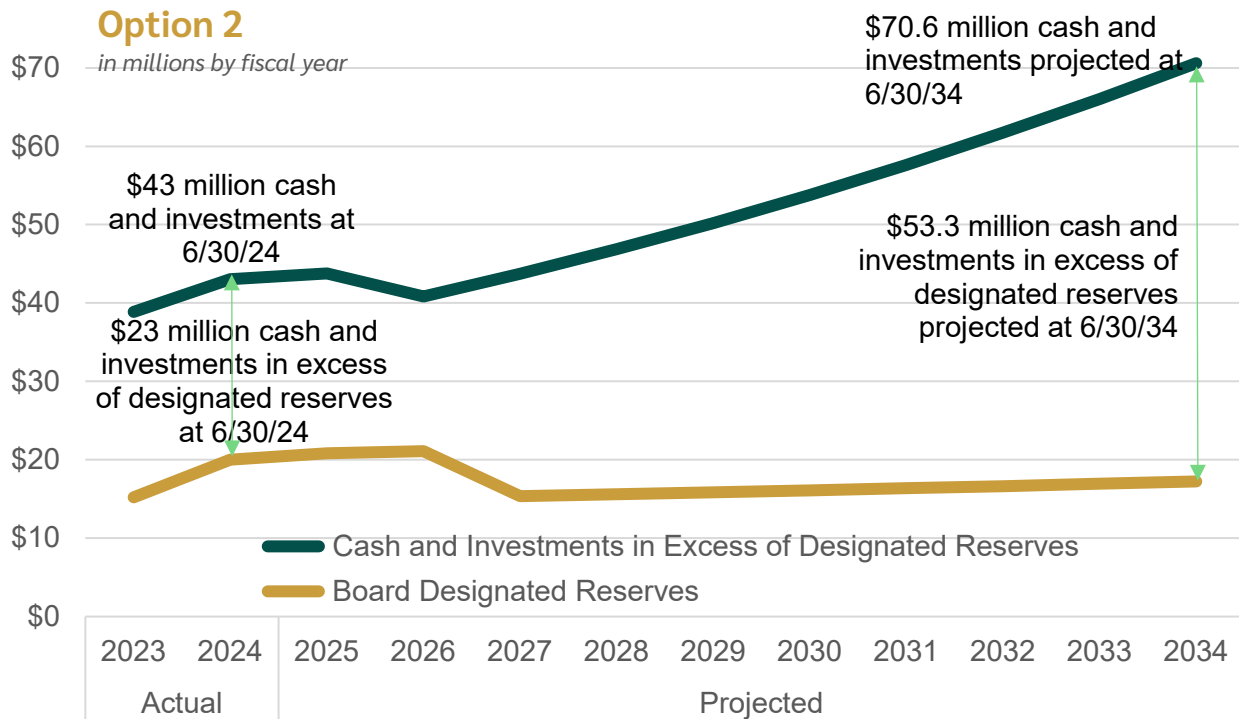
During the projected period above, community grants, sponsorships, and scholarships total \$18.1 million and hospital support totals \$43.6 million for a total of community support funding of \$61.7 million. The \$58.4 million in excess cash and investments would be available to increase this funding by 95% (nearly double the amount) and still maintain a prudent level of reserves.

If the District chose to direct the excess cash and investment only to community grants, sponsorships, and scholarships, that funding could increase by 323%, which is more than quadruple the amount of funding, and still maintain a prudent level of reserves.



**Plan Option 2**

If the District were to execute the Fiscal Year 2024-25 budget and FY 2025-26 as presented in the budget, and given all the assumptions presented in the Base Projection, the District would accumulate \$70.6 million in unrestricted cash and investments by June 30, 2034, with \$53.3 million in excess of the maximum reserve targets, as illustrated in the graph below.

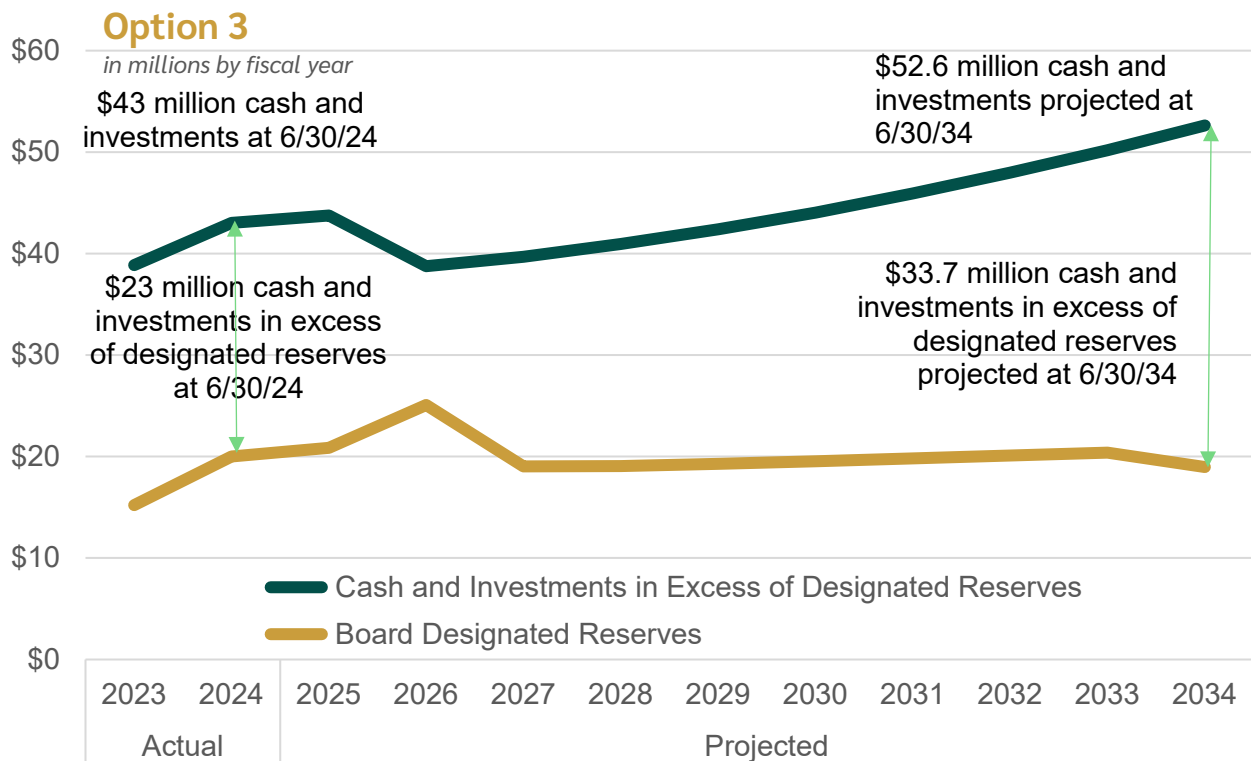


During the projected period above, community grants, sponsorships, and scholarships total \$18.1 million and hospital support totals \$43.6 million for a total of community support funding of \$61.7 million. The \$53.3 million in excess cash and investments would be available to increase this funding by 86% and still maintain a prudent level of reserves.

If the District chose to direct the excess cash and investment only to community grants, sponsorships and scholarships, that funding could increase by 294%, which is nearly quadruple the amount of funding, and still maintain a prudent level of reserves.

**Plan Option 3**

If the District were to execute the Fiscal Year 2024-25 budget and FY 2025-26 as presented in the budget, given all the assumptions presented in the Base Projection, and fund one-half the strategic initiatives, the District would accumulate \$52.6 million in unrestricted cash and investments by June 30, 2034, with \$33.7 million in excess of the maximum reserve targets, as illustrated in the graph below.

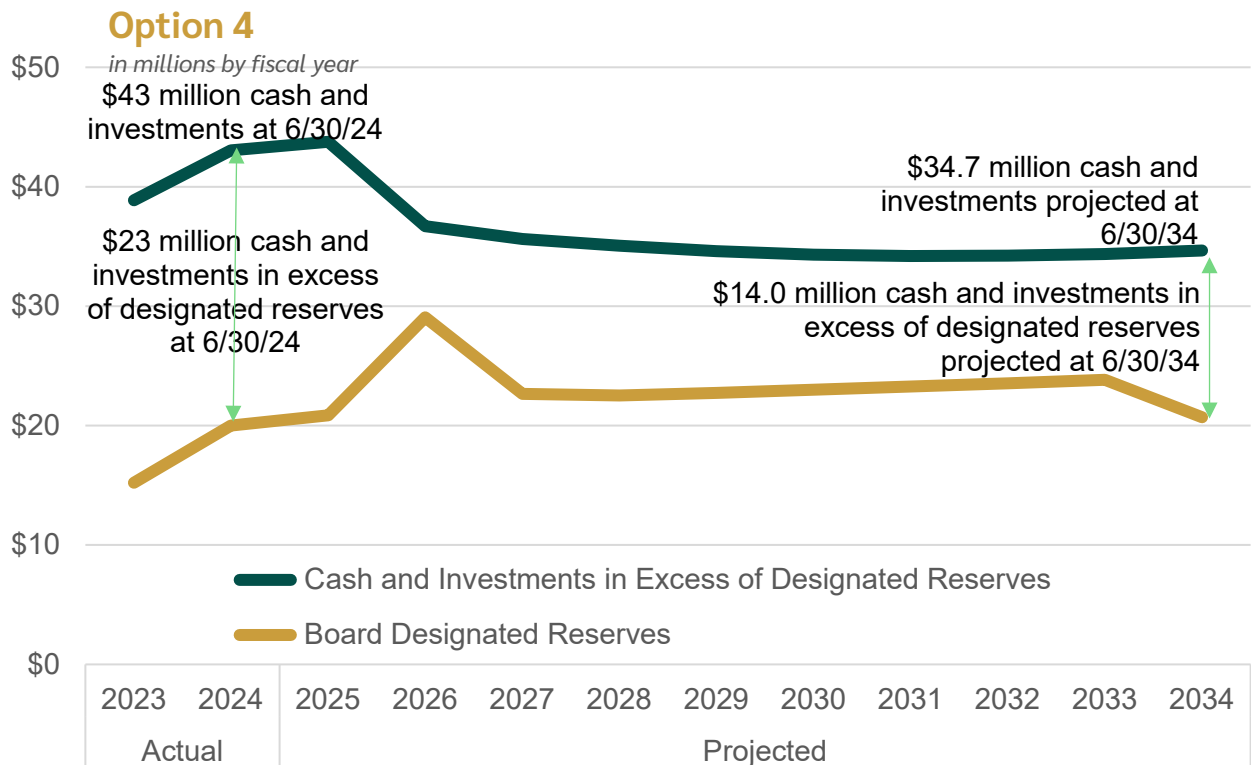


During the projected period above, community grants, sponsorships, and scholarships total \$18.1 million and hospital support totals \$43.6 million for a total of community support funding of \$61.7 million. The \$33.7 million in excess cash and investments would be available to increase this funding by 55% and still maintain a prudent level of reserves.

If the District chose to direct the excess cash and investment only to community grants, sponsorships and scholarships, that funding could increase by 186%, which is nearly triple the amount of projected funding, and still maintain a prudent level of reserves.

**Plan Option 4**

If the District were to execute the Fiscal Year 2024-25 budget and FY 2025-26 as presented in the budget, given all the assumptions presented in the Base Projection, and fund 100% of the strategic initiatives, the District would have a balance of \$34.7 million in unrestricted cash and investments by June 30, 2034, with \$14.0 million in excess of maximum reserve targets, as illustrated in the graph below.



During the projected period above, community grants, sponsorships, and scholarships total \$18.1 million and hospital support totals \$43.6 million for a total of community support funding of \$61.7 million. The \$14.0 million in excess cash and investments would be available to increase this funding by 23% and still maintain a prudent level of reserves.

If the District chose to direct the excess cash and investments only to community grants, sponsorships, and scholarships, that funding would increase by 77% and still maintain a prudent level of reserves.



# Grossmont Healthcare District Health & Wellness Strategic Initiatives

Fiscal Years 2024-25 through 2033-34



**August 15, 2024**  
**Draft**

Grossmont Healthcare District is a public agency that supports community health and wellness programs and services for the residents of San Diego's East County.

## Table of Contents

	<u>Page #</u>
Purpose of Health & Wellness Strategic Initiatives	1
Strategic Grant Opportunities	2
Operational Enhancements	4
Spending Plan	4

## **Purpose of Health & Wellness Strategic Initiatives**

The purpose of Health & Wellness Strategic Initiatives (HWSI) is to identify a list of potential strategic grants and operational enhancements that support health and wellness programs and services for the residents of San Diego East County. The fiscal impact of various implementation scenarios of strategic grants and operational enhancements are detailed in a separate Long Range Financial Plan.

A Strategic Grant (SG) is funding provided to a partner agency for a significant investment in a capital project or the initiation of a program that will have lasting returns in the form of addressing the health and wellness needs of the residents of San Diego East County. Examples of strategic grants considered herein include an East County Health Needs Assessment, Health Career Pathways grants, Workforce Development Incentives, and a Family Medicine Residency Program.

An Operational Enhancement (OE) is a GHD internal endeavor that increases the District's capacity to fulfill its mission and improve the health and wellness of East County residents. Operational Enhancements, detailed in the HWSI, include Capital Improvements, Rural Transportation, and Health and Wellness Library Partnerships.



## Strategic Grant Opportunities

**SG01: East County Health Needs Assessment** -The San Diego State University Institute for Public Health and Hospital Association of San Diego and Imperial County (HASDIC) both have the skills, experience and knowledge to conduct an in depth quantitative and qualitative review of the specific health needs of East County's communities. The needs assessment will provide the data needed to make informed decisions and identify areas where targeted investments can have the largest community impact. The Assessment will not result in any commitments, only needs that will go before the Board for consideration.

**SG02: Family Medicine Residency Program and Incentive** - Provides funding for a residency program at Sharp Grossmont Hospital to increase the number of primary care practitioners in East County and establishes a pipeline of well-trained physicians. Startup costs have been estimated by Germane Consulting and partially executed in Fiscal Year 2024, and budgeted 2025. The District's share of operating costs are anticipated to be \$1 million per year over a 10-year period unless grant funded. In addition, the District will incentivize health career candidates to choose employment in East County with employment incentive grants of \$100,000 annually. The District will seek participation from benefiting organizations in a cost-share of these incentives.

SG02 Funding Plan for Residency Program and Incentives in millions by fiscal year

	2026	2027	2028	2029	2030	2031	2032	2033	2034
Program	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Incentives:									
Residents 1-6					0.20	0.20	0.20	-	-
Residents 7 through 12						0.20	0.20	0.20	-
Residents 13 through 18							0.20	0.20	0.20
Residents 19 through 24								0.20	0.20
Residents 25 through 30									0.20
<b>Total</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 1.20</b>	<b>\$ 1.40</b>	<b>\$ 1.60</b>	<b>\$ 1.60</b>	<b>\$ 1.60</b>

**SG03: Workforce Development Recommendations** - East County Economic Development Council concluded a study of healthcare career paths that resulted in a forthcoming action plan which will increase the CNA, MA, LVN/RN and Patient Care Aid workforce in the local community. The funding for these action items is anticipated to total \$1.355 million. Workforce development is identified in the District's strategic plan.

**SG04: Health Pathways Grants** - Modeled after Grossmont Union High School District's Health Career Pathways grant, these grants will be funded to provide access to career technical education to students in all East County high schools that wish to participate. Anticipated funding of \$1,000,000 per year to support 4.4 full-time equivalent coordinators and the required resources to support approximately 30 schools. Health Pathways support is identified in the District's current strategic plan.



**SG05: Rural Telemedicine Equipment** - Fund the acquisition of telemedicine equipment to be strategically placed in existing rural locations (e.g., schools, fire stations, libraries, etc.) to address the healthcare access needs in the most rural parts of East County through a one-time \$100,000 grant. Awarded partner organizations will maintain hours of availability, assume the liability associated with acquired assets, and provide status reports to the District on usage and outcomes.

**SG06: Recuperative Care Program** - A one-time \$1 million grant towards a program to support the transition of patients experiencing mental health issues, substance abuse disorders, and homelessness from hospital emergency departments into the community (based on the Escondido Interfaith model). The awarded agency will be responsible for ongoing staffing, maintenance, and repair.

**SG07: Free Health Clinic for the Uninsured/Underinsured** - Provide a \$2 million matching grant to support the building of a brick-and-mortar free clinic to support those East County residents that cannot afford care.

**SG08: San Diego Seniors Community Foundation Master Plan** - The San Diego Seniors Community Foundation will be raising \$150 million over the next ten years to start building a network of modern senior centers countywide that provide access to communal spaces and resources for older adults. Their Master Plan for Senior Centers has been approved and adopted by the County Board of Supervisors. This one-time \$1 million grant will support the development of a state-of-the-art senior center in East County.

**SG09: Street Medicine Pilot Program** - Funding a three-year start-up grant for staff and equipment necessary to establish a pilot street medicine program modeled after La Mesa's HOME program, providing people experiencing homelessness in another area of the district (e.g., El Cajon, Lemon Grove, Santee) with health checks and connection to support. Funding will include \$60,000 for a vehicle, and \$150,000 for a nurse each year, and \$100,000 for annual administration. A funding plan is noted below:

SG09 Funding Plan for Street Medicine Pilot Program in millions by fiscal year									
	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total	\$ -	\$ -	\$ 0.31	\$ 0.25	\$ 0.25	\$ -	\$ -	\$ -	\$ -

**SG10: East County One Safe Place Grant** - Provide a one-time \$1 million grant toward the development of a new East County family justice center modeled after One Safe Place, to provide services to district residents who have experienced child abuse, sexual assault, domestic violence, hate crime, elder abuse, human trafficking, and other abuse or victimization.

## Operational Enhancements

**OE01: Capital Improvements** - The FY 2025 Budget includes appropriations for renovations to the conference center ADA ramp, a community room, and modular petitions for relocated offices. The Budget also includes an expansion for a new conference room projected for FY 2026. An additional \$2 million is projected herein for permanent offices and facilities that comply with State work regulations to accommodate staff.

**OE02: Rural Transportation Program** - Develop or enhance an existing intra-rural transportation program that provides district residents with increased access to healthcare, food assistance, employment resources, and other social supports. Funded with \$230,000 the first year for the purchase of an additional vehicle and staffing, and \$150,000 in subsequent years for staffing.

**OE03: Health and Wellness Library Partnerships** - Expansion of consumer health services to public libraries across the district with annual operating cost of \$200,000. Provides Health & Wellness starter collections, health information kiosks (for libraries with adequate space), health literacy training for staff, and wellness programs taught by certified instructors.

## Spending Plan

A spending plan to accomplish all of the strategic grant and operational enhancement opportunities is noted in the following table and used in the various plan scenarios discussed and analysis in the Long Range Financial Plan.

	Funding Plan in millions by fiscal year								
	2026	2027	2028	2029	2030	2031	2032	2033	2034
SG01	\$ 0.18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SG02	1.00	1.00	1.00	1.00	1.20	1.40	1.60	1.60	1.60
SG03	0.45	0.30	-	-	-	-	-	-	-
SG04	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
SG05	0.10	-	-	-	-	-	-	-	-
SG06	0.40	0.60	-	-	-	-	-	-	-
SG07	-	-	-	0.50	0.50	0.50	0.50	-	-
SG08	-	-	-	-	-	-	-	0.50	0.50
SG09	-	-	0.31	0.25	0.25	-	-	-	-
SG11	-	-	0.30	0.35	0.15	0.20	-	-	-
OE01	1.00	0.50	0.50	-	-	-	-	-	-
OE02	-	0.23	0.15	0.15	0.15	0.15	0.15	0.15	0.15
OE03	-	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
<b>Total</b>	<b>\$ 4.13</b>	<b>\$ 3.83</b>	<b>\$ 3.46</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>	<b>\$ 3.45</b>