



August 26, 2011

The Honorable Arthur A. Garcia
Assistant Presiding Judge
Santa Barbara Superior Court
312 East Cook Street
P.O. Box 5369
Santa Maria, California 93456-5369

RE: Grand Jury Report on Local Government Post Employment Benefits in Santa Barbara County, 2010-2011

Dear Judge Garcia:

A copy of the Grand Jury Report for the period 2010-2011, was received by Lompoc Valley Medical Center (LVMC), a California Healthcare District (a Public Agency), on June 15, 2011. Under Finding 3, which is stated in the report as follows: "As of June, 2010, public agencies in Santa Barbara County had a total liability for uncompensated absences of nearly \$61,000,000", LVMC was noted as an agency in that finding that had a \$1,771,933 liability for uncompensated absences under its Annual Leave policy. Recommendation 3, under Finding 3, states: "That, no later than January 1, 2012, in the best interest of ratepayer's and taxpayers, each government agency that has compensated absences liabilities, adopts an implementation plan to reduce each agency's compensated absences liability". Under *California Penal Code Section 933.05* a written response to the finding and recommendation was requested no later than ninety (90) days from receipt of the Grand Jury Report.

Under the LVMC Personnel Policy that became effective November 19, 2010, employees accrue Annual Leave based on a graduated scale predicated on the number of years they have been an employee of the District. (See attached LVMC Personnel Policy Manual, pages 19-20 that addresses the Annual Leave benefit). Under the LVMC Annual Leave policy at that time, when an employee took time off from work if they were ill, took vacation time, took a recognized holiday or simply needed a few days off from work, they used their accrued Annual Leave days and were paid for those annual leave days as part of their next payroll check. If they were unable to use their annual leave due to heavy workload reasons they were able to do a "buy out" of a portion of annual leave. For example, if the employee had not been able to take annual leave, they could request being paid cash for a specific amount of annual leave (i.e. forty 40 hours). That amount was approved by their manager and the District CEO and they received the extra funds as a part of their next paycheck and their accrued annual leave was reduced by the 40 hours they requested.

Fortunately, LVMC's Board of Directors and Administration had the foresight to select an outside firm to review its wages and benefits in comparison to other hospitals, private and public, early in Calendar year 2011. Upon receipt of the findings from the reviewing entity, one finding noted that LVMC had a robust maximum range of hours employees could accrue under the Annual Leave program. Upper management began studying the issue and formulating a proposal to the Board of Directors, which would over a period of time reduce the uncompensated liability on the LVMC financial records. We are pleased to report that the LVMC Board of Directors acted on Management's recommendation at the District's regular board meeting on July 28, 2011 to implement a revised Annual Leave Accrual policy the will reduce the maximum Annual Leave accrual from 640 hours to 320 hours, the industry average, over the next four

The Honorable Judge Garcia
Grand Jury Report 2010 – 2011 Response
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years. Under the new policy, employees must reduce their Annual Leave accrual to 560 hours by June 30, 2012, to 480 hours by June 30, 2013, to 400 hours by June 30, 2014 and to 320 hours by June 30, 2015. (See attached LVMC Annual Leave Policy effective August 1, 2011 and a copy of the meeting minutes of the LVMC Board of Directors regular meeting minutes of July 28, 2011).

In actual fact, the employee must reduce their accrual balance below the quoted numbers by the deadline dates or they will not be able to accrue further hours. For example, if an employee reduces their Annual Leave accrual to the 560 hours at June 30, 2012, they will be unable to accrue any further annual leave until they are below 560 hours. From that point forward to the next reduction target date (June 30, 2013) they are “capped out” at the maximum of 560 hours and must be down to or below 480 hours as of June 30, 2013. They may again use a “buy out” of accrued Annual Leave up to twice per year or take time off from work to reduce their Annual Leave accrual. Therefore, by June 30, 2015 all employees will be at a maximum accrual of 320 hours or lower.

Through this new policy the uncompensated liability on Lompoc Valley Medical Center’s books will be half of what it would have been with no changes in the policy and be at the average accrual maximum in the hospital industry.

Should you have any questions about our response to Finding 3, Recommendation 3, please do not hesitate to contact James Raggio, CEO, Lompoc Valley Medical Center at (805) 737-3301.

Sincerely,



James J. Raggio
Chief Executive Officer

Attachments:

- Pages 19 & 20 of the Annual Leave Section of the LVMC Personnel Policies and Procedures manual effective prior to August 1, 2011.
- The new LVMC Annual Leave Policy adopted effective August 1, 2011.
- The regular LVMC Board Meeting minutes of July 28, 2011 approving the new Annual Leave Policy.

cc: Hon. Joni Gray, Chair
Santa Barbara County Board of Supervisors
County Administration Building
105 East Anapamu Street
Santa Barbara, California 93101

aside as retirement savings. The funds set aside are pre-tax dollars and therefore reduce the amount of current taxable income.

1. Although all LVMC employees may participate through payroll deduction after completing their initial four (4) month introductory period, only employees with qualifying scheduled positions will receive LVMC matching contributions as delineated below.
2. The Plan was modified on January 1, 1994. Employees participating in the plan prior to this date are subject to alternative rules; please see HR for details.
3. Eligibility and Contributions.
 - a) Employees appointed to a scheduled position of at least 40 hours per pay period are eligible to make voluntary employee-paid contributions after 4 months of continuous employment. LVMC will contribute as described by the schedule below. Regardless of time of initiation, the LVMC contribution will commence as of the plan start date, based on the Years of Service. This contribution will not be back-dated.
 - b) Employees may enroll through meeting with the Lincoln Financial Group representative. Employees should contact Human Resources for an appointment.

Years of Service	Employee Contribution	LVMC Contribution
>4 months but <12 months	4%	0%
>12 months but <25 months	4%	17.5 cents per dollar
>25 months but <36 months	4%	32.5 cents per dollar
>36 months but <48 months	4%	50 cents per dollar
>48 months	4%	dollar for dollar up to 4%

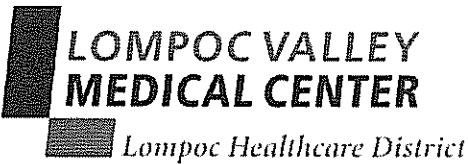
4. Emergency Withdrawals. Employees may request emergency withdrawals under extreme circumstances as defined in the plan documents and IRS regulations. Emergency withdrawals are subject to approval by the Personnel Committee and are limited to the employee's contribution only.
4. Annual Leave. Annual Leave is a paid time off (PTO) benefit and is granted to employees appointed to a Scheduled position. It accrues from the first day of employment.
 - a. Accrual Rate. Annual Leave hours accrue based on the actual number of regular hours worked. Scheduled Full Time employees accrue at the following rates:

Years of Service	Accrual Rate per Regular Hour Worked / Annual Accrual
0 – 4	0.092 of an hour / 192 hours
5 – 6	0.112 of an hour / 232 hours
7 – 8	0.115 of an hour / 240 hours
9 – 10	0.119 of an hour / 248 hours
11 – 12	0.123 of an hour / 256 hours
13 – 14	0.126 of an hour / 264 hours
15 or more	0.130 of an hour / 272 hours

- b. Accumulation Limit. Annual Leave may accrue up to a maximum of 640 hours. Employees must monitor their accumulated Annual Leave account judiciously.
 - 1. Annual Leave Buyout. With written approval from the Department Director and the CHRO (see Request for Annual Leave Buyout Form in Appendix B), an employee may buy back a portion of his/her accumulated Annual Leave once per year. This buyout will be made at the employee's base (shift 1) straight time hourly rate of pay and is subject to the following:
 - a) The employee must have at least eighty (80) hours of Annual Leave remaining in his/her accumulation account after said buyout,
 - b) The buyout is limited to once per each twelve (12)-month period,
 - c) The minimum buyout is forty (40) hours and the maximum is the employee's yearly accrual maximum (see chart above),
 - d) Approval of the buyout is discretionary on the part of the CEO and the Department Director, who may approval all, a portion thereof, or none of the request depending on available funds and anticipated workload of the employee, as determined by LVMC,
 - e) Approved requests for buyouts will only be disbursed as a part of the normal payroll process, and
 - f) Employees are fully responsible for the tax implications of the buyout.
 - c. Scheduling Requests. Authorized use of Annual Leave may be either scheduled or unscheduled, and must be approved by the employee's Department Director. Leave not meeting the following criteria will be considered unexcused absences and may result in disciplinary action in accordance with the applicable sections of this Manual.
 - 1. Scheduled. Scheduled instances of Annual Leave are those that are foreseeable in nature. Employees must take efforts to make medical, dental and personal appointments outside of scheduled work hours prior to requesting Annual Leave. Requests for scheduled Annual Leave must be submitted on a Scheduling and Leave Request form (see Appendix B) before publication of the next work schedule, but no later than two (2) weeks in advance. Uses of Annual Leave within approved instances of a Leave of Absence (as described in this Manual) are considered to be Scheduled instances.
 - 2. Unscheduled. Unscheduled uses of Annual Leave must be of a compelling and/or of an emergent nature. Preventive medical and dental appointments are not considered unscheduled and must be requested in advance in accordance with the scheduled uses explained previously.

Unscheduled use of Annual Leave may be considered an Incidence of Absence in accordance with the attendance provisions of this Manual and may be subject to appropriate disciplinary action.

When an employee is unable to work his/her normally scheduled shift, annual leave must be used when available. Annual Leave is only granted up to the employee's regularly scheduled hours and the request for use of Annual Leave by the employee may not exceed the amount of annual leave accrued.
5. Employee Discounts.
- a. Healthcare Services Discount. Employees, their spouses and minor children shall receive a 25% discount off their final balance due for all healthcare services. Final balance due includes employee co-payments and deductibles. If the employee's account goes to collections the employee discount no longer applies and cannot be used.



Annual Leave (AL) Policy

Human Resources Department

Approved:
Board of Directors
Chief Executive Officer

Date Issued: November 19, 2010
Date Reviewed: July 28, 2011
Date Revised: August 1, 2011
Issued by: Chief Human Resources Officer

Effective August 1, 2011, Section 4(b) of the Chapter entitled "Benefits" in the Lompoc Valley Medical Center ("LVMC") Personnel Policy Manual, as adopted by the LVMC Board of Directors on November 18, 2010, is amended as follows:

b. Accumulation Limit. Annual Leave ("AL") may accrue up to a maximum number of hours as shown in the following table:

Table with 4 columns: June 30, 2012 (560), June 30, 2013 (480), June 30, 2014 (400), June 30, 2015 (320)

Employees are individually responsible for ensuring that they manage their AL account balance to a level below the maximum accrual allowed by:

- Using AL for its intended use of time off from work,
Using the Annual Leave Buyout, or
Using other AL reduction options that LVMC may make available from time-to-time.
1. Annual Leave Buyout. With written approval from the Department Director and the CHRO...
a) The employee must have at least eighty (80) hours of Annual Leave remaining...
b) The buyout is limited to once per six (6) month period...
c) The minimum buyout is forty (40) hours and the maximum is the employee's yearly accrual maximum...
d) Approval of the buyout is discretionary on the part of the CEO and the Department Director...
e) Approved requests for buyouts will only be disbursed as a part of the normal payroll process...
f) Employees are fully responsible for the tax implications of the buyout.

(3)

Lompoc Valley Medical Center
REGULAR MEETING OF THE BOARD OF DIRECTORS
July 28, 2011
MINUTES

1. Call to Order

Mr. Frank Signorelli, Board President, called the meeting to order at 5:30 p.m. in the Board Room.

2. Roll Call

Board members present: Frank Signorelli, Board President; Ray Down, Director; Leslie Kelly, R.N., Director; David McAninch, M.D., Director; and Roger McConnell, Secretary

Others Present: Jim Raggio, Chief Executive Officer; Naishadh Buch, Pharm.D., Chief Executive Officer; Bob Baden, CFO; Les Johnson, Legal Counsel; Jayne Scalise, Nurse Executive; Linda Everly, Director of Quality Improvement/ Risk Management/ Infection Control; Ed Braxton, Chief Human Resources Officer; Paul Granger, Comprehensive Care Center Administrator; Deanna Hall, Director of Environmental Services; Greg Moser, Attorney (via teleconference); Mike Despres, Director of Dietary; Jo Bergstrom, Dietitian; Julie Victor, director of Perioperative Services; and Delfina Pereyra, Administrative/ Medical Staff Assistant

Absent/Excused: Cecilia Ramos, M.D., Chief of Staff

3. Public Communications

There were no public communications.

4. Consent Agenda

a. Approval of Regular Board Meeting Minutes

After review, a motion was made, seconded and carried to approve the minutes of the June 23, 2011 regular board meeting.

b. Acceptance of Committee Meeting Minutes

- 1) Building & Planning – June 13, 2011
- 2) Personnel Committee – June 21, 2011
- 3) Finance Committee – June 23, 2011 (Combined with Board)

After review, a motion was made, seconded and carried to accept the minutes of the June 13, 2011 Building & Planning Committee; June 21, 2011 Personnel Committee; and June 23, 2011 Finance Committee.

5. Departmental Annual Quality Improvement Reports

a. Quality Improvement/Risk Management/Infection Control
Tabled.

b. Safety Quality Improvement Report (Semi-Annual)

Mr. Raggio briefly reviewed the Safety Quality Improvement report outlining the process.

c. Dietary Report Quality Improvement Report (Annual)

Ms. Jo Bergstrom and Mr. Mike Despres reviewed highlights of their written report (see attached). The Board thanked them both for their presentation.

6. Annual Approval of Policy & Procedures Manuals

a. Dietary Services Manual

A motion was made, seconded and carried to approve the Dietary Services manual as submitted.

7. Old Business

a. Emergency Department Physician Group Not Contracted With Many of the of the Health Care Plans – Update on written response to the LVMC Board of Directors

At last month's meeting, the Board asked Mr. Raggio to obtain a written response from Emcare with regards to their billing practices. That written response was received earlier this week and the initial review outlined their billing practices, which is still unacceptable. The Board requested that a representative from Emcare attend the next Board meeting to address this concern.

8. New Business

a. Request to Authorize Purchase of Sterrad NX Sensitive Equipment Sterilizing Unit (\$33,200)

Dr. Buch discussed the request for the Sterrad NX Sterilization Equipment. He said the service contracts for the old equipment are becoming more expensive due to the fact they are being grandfathered and the equipment is subject to more frequent breakdowns. Over the long term, purchasing a new system for \$33,200 will be a cost savings to the District.

After a brief discussion, a motion was made, seconded and carried to approve the purchase of the Sterilization Unit.

b. Purchase of MRI – Cardiac Coil

Mr. Raggio indicated the original coil that came with the equipment did not provide the resolution necessary for adequate exams. The department worked very hard to try and improve but a new cardiac coil is the only means of improving the quality to assure adequate studies are being conducted. Dr. McAninch briefly described his problems associated with not having a higher resolution and the fact we can lose some cases.

After a brief discussion, a motion was made, seconded and carried to approve the purchase of the Cardiac Coil.

c. Purchase of C-Arm

Mr. Raggio indicated the C-Arm we currently have is over eight years old and is not able to be digitized into our system. It is also subject to frequent breakdowns. This was a system that Mr. Raggio presented to the Board and purchased back when he first arrived as CEO.

After a brief discussion, a motion was made, seconded and carried to approve the acquisition of the C-Arm.

d. Purchase of Quantros RM

Mr. Raggio informed the Board about the Quantros RM software program. He stated the program is remote hosted and would save the hospital substantial dollars in the initial acquisition of programs being in the excess of \$130,000 to \$140,000. Currently, the Risk Management Department uses a DOS based system that is very old and outdated. Additionally, BETA Healthcare Group currently tracks all our incident reports and will no longer provide that service to members effective 12/31/11. We will need to purchase a new system to track incident reports.

After a brief discussion, a motion was made, seconded and carried to approve the acquisition of the Quantros Risk Management System.

9. Reports to the Board

a. Staff Reports

1) Medical Staff Credentials – Medical Executive Committee

(a) Due to lack of a quorum, the following physicians were granted temporary privileges:

In the absence of Dr. Ramos, Mr. Raggio reported the Medical Executive Committee did not have a quorum at the July 21 meeting. There are no recommendations being forwarded. Mr. Raggio indicated he signed 30-day temporary privileges for the physicians listed below.

- Michael Ashnin, MD – Anesthesiology
- Khawar Gul, MD – Cardiology
- Ivan Klement, MD – Anatomic & Clinical Pathology
- Cedric Kwon, MD – Anesthesiology
- Robert Poulin, MD - Ophthalmology
- Edward Wallace, MD – Anesthesiology
- Phillip Wynn, MD – Emergency Medicine
- Garrett Norvell, MD – Emergency Medicine (7/28/11 – 8/26/11)
- Justin Salerno, MD – OB/GYN (7/19/11)

2) Allied Health Professional (AHP) Credentials – Recommendation from the Interdisciplinary Practice and Medical Executive Committees
None.

3) Chief Executive Officer Report (See Attached)

(a) ACHD/LVMC Board Meeting Reminder

Representatives from ACHD, Mr. McGhee and Mr. Peterson made a special presentation to the Board of Directors just prior to today's regular board meeting (see special board minutes).

(b) Allscripts

Jim White and Bob Baden are finalizing the costs associated with transitioning to the Allscripts clinical system and electronic health record. They estimate the software and hardware expense over a ten-year period will be approximately \$7 million. When the vendor demonstrations were completed and we received feedback from the nurses and medical staff, I submitted a letter to Allscripts indicating they are our vendor of choice. We plan to present this for recommendation to the Board next month. Allscripts will enable us to achieve full compliance with the Meaningful Use criteria mandated by the federal government. Once operational, Lompoc Valley Medical Center will be eligible to receive approximately \$3 million from the federal government towards our efforts of establishing an electronic health record.

(c) CDRH

➤ Interior Design for Review

Mr. Raggio met with Steve Collier, Sheri Burdick, Summer Janklow, and Jim White last week to finalize the interior design at the CDRH. He presented a copy of the floor plan along with some of the chosen interiors to the Board for review.

➤ Los Angeles Police Department Meeting

Mr. Raggio met with Mr. Collier and representatives from the LAPD earlier in the month. The LAPD is interested in sending their officers to the CDRH Heroes Program. They were very pleased with Lompoc Valley Medical

Center and the presentation that was given. They feel we will be busier than we expect and hopefully we will have a good basis for referrals to the LA Police Department.

- Recommend Approval of CDRH Renovation CMA - (D11) Cal-Mortgage Resolution #280 -- authorizing the commencement of proceedings in connection with the proposed financing of capital projects for the District, authorizing the filing of an application with the Cal Mortgage Insurance Program, expressing official intent regarding certain capital expenditures to be reimbursed with proceeds of tax exempt obligations and retaining a financial advisor and a bond counsel.

After a lengthy discussion, it was pointed out that the resolution is requesting \$20 million instead of the \$10 million estimated project cost. Prior to making a motion, the Board asked Mr. Baden to validate the \$20 million to see if it is necessary and report back to the Board. If needed, a special Board meeting will be held.

(d) Orthopedic & General Surgeon Interviews

There are two orthopedic surgeons scheduled to be interviewed, Dr. Hampton and Dr. Ward. Dr. Hampton will be onsite July 21, and an interview with Dr. Ward will be scheduled within the next few weeks. Apparently, Dr. Ward is being required to do some reserve requirements at Vandenberg Air Force Base and he and his wife would like to settle in a small town. We hope to have the orthopedic surgeon slot filled in the very near future.

Dr. Simon, a general surgeon is looking to move out of the Phoenix area and is interested in practicing in Lompoc. An onsite interview with Dr. Simon is scheduled in the very near future. Dr. Lam is scheduled to leave at the end of December but there is a remote possibility that Dr. Lam may decide to stay. Dr. Michel said he would investigate. We hope to get the general surgeon position filled quickly.

(e) Requesting Approval of LVMC Compensation Policy

Mr. Raggio met with Directors Kelly and McConnell to review some brief outlines regarding the compensation policy. Everyone agreed to retain Mr. Jim Finkelstein from FutureSense to draft a compensation policy for Lompoc Valley Medical Center for the Board's review and approval. We hope to have a draft copy of the policy within the next two to three weeks.

(f) Community Connection

Mr. Raggio is working with Ms. Marilyn Oliver on developing another edition of the Community Connection. We plan to finish the draft and hopefully finalized it and mail out in September.

(g) Meeting with Dan Shepard

Dr. Goodman has informed Mr. Raggio that Dr. Dixon has recently sold his practice to the Pacific Eye Surgeons. This has been met with some concern by Dr. Goodman at the Shepard Eye Center. He is scheduled to meet with Mr. Raggio and Dr. Michel Monday evening at 5:00 pm to further discuss. Apparently, Dr. Goodman spoke to Dr. Shepard regarding the possibility of performing retinal work in Lompoc and a meeting is scheduled during the week of the August Board. Mr. Raggio will have additional information after the meeting.

(h) OR Start Time

Mr. Raggio reported that there are still several issues with efficiency in the operating room at the new hospital. Mr. Raggio met with Ms. Julie Victor and Dr. Michel this week and evaluated ways of improving the efficiency in the operating room.

(i) Radiation Oncology

➤ Meeting with City & Property Purchase

Mr. Raggio and Mr. Signorelli met with City representatives earlier today regarding plans for the Radiation Oncology Center and on the acquisition of the one acre parcel located on Ocean Avenue. A special Board meeting was held July 26 to authorize closing of escrow on the Ocean Avenue property. We hope to have escrow finalized by the end of this month.

(j) Sleep Center

We finally received notification from the licensing division in Ventura that an onsite facility licensing survey is being scheduled within the next four to six weeks. We were notified five months ago the application had been processed. When asked why it has taken so long to complete, the feedback we received from the licensing department is "they are busy". This has been extremely frustrating. Mr. Raggio asked the Sleep Med representative to contact the City and said it may be necessary for them to contact Sam Blakely's office to push this along.

(k) HASC Board Meeting

Mr. Raggio updated the Board regarding the HASC meeting he attended this morning in Los Angeles. He stated the California Hospital Association is pursuing a 30-month hospital fee program and hopes to have it finalized within the next few months. The District Hospital Leadership Forum is working closely with CHA to assure district hospitals are not left out in the fee process.

(l) CCC Low Beds Delivered

The CCC received 90 new low beds. Mr. Raggio said the transition went very well and everyone seems to be very pleased.

(m) Request to Authorize Purchase of MRI – Cardiac Coil (\$21,000)

See New Business.

(n) Request to Authorize Purchase of C-Arm (\$149,732)

See New Business.

(o) Request to Authorize Purchase of Quantros RM (\$24,000)

See New Business.

(p) Request Approval of Professional Courtesies Policy

Mr. Raggio presented a draft copy of the new Professional Courtesies policy. Currently, each member of the medical staff accrues \$75 per meeting they attend. The attendance credit balance is kept in administration and the medical staff can accrue up to \$1,500. The Medical staff and members of their immediate family are able to use the attendance credits for services rendered at LVMC that are billable to a health plan. The policy has not been changed for a number of years. Mr. Raggio made a recommendation to the Board asking to increase the

amount from \$75 to \$100 per meeting plus a maximum of \$2,000 credit. Currently, there are very few physicians who have used the entire amount and we believe this will not be a significant financial impact to the hospital.

After a brief discussion, a motion was made, seconded and carried to approve the new Professional Courtesies Policy and forward to the Medical Executive Committee.

- (q) EmCare Non- Participating Provider Billing Letter to LVMC Board
(See Old Business)

4) Chief Operating Officer Report

- (a) A brief presentation of the Prime Directive, with amplification of the contents of the program

Dr. Buch gave a presentation to the Board on the Prime Directive, per the request of the Personnel Committee.

After the presentation, the Board complimented Dr. Buch on his formulation of the Prime Directive. Mr. Raggio did ask that the Board formally approve this concept.

After a brief discussion, a motion was made, seconded and carried to approve and implement the Prime Directive.

5) Comprehensive Care Center Report

Mr. Granger presented the Comprehensive Care Center report to the Board (please see attached).

6) Chief Financial Officer Monthly Report

Mr. Baden briefly noted that due to an illness in the department he will not be presenting the June Financial report.

a. Committee Report

2) Finance Committee

- (a) Recommend Approval of FY'12 Operating and Capital Budgets

- Operating Budget for FY'12
- Capital Budget for FY'12

Mr. Baden presented the FY'12 Operating Capital Budget to the Board. Mr. Baden indicated the budget is tentative based on the California Hospital Association's success of having the CMS not allow the state plan amendment as proposed by the State of California. The State fiscal condition and their announcements that they plan to reduce reimbursements for Medi-Cal patient services by 10% for long term residents at the CCC by 10% below the rate we were reimbursed for services in FY'08. This translates to in excess of a 25% reduction in Medi-Cal reimbursement for our CCC Medi-Cal residents. We are hopeful this will be overturned. Mr. Baden is also recommending the wage adjustments that were included in the budget, as well as other items, be placed on hold until we have resolution of whether the 25% reduction in reimbursement will go into effect.

After discussion, a motion was made, seconded and carried approve the Operating Budget for FY'12.

Mr. Baden also noted the Capital Budget for FY'12 was also included in the board packet. Director Down indicated he reviewed the capital requests.

A motion was made, seconded and carried to approve the Capital Budget for FY'12.

3) Building & Planning Committee
No report.

4) Personnel Committee

(a) Approval of 457 Withdrawal Request

The approval of the 457 Withdrawal Request was reviewed by the Personnel Committee. A motion was made, seconded and carried to approve the 457 Withdrawal Request.

(b) Annual Leave Maximum Accrual Policy Revision

Ms. Kelly discussed the changes made to the current Annual Leave policy that allows staff to accrue up to 640 hours per year plus a once a year buyout option. The new policy is changing to reflect a maximum of 320 hours of accrual plus allowing staff to buyout twice per year, every six months.

A motion was made, seconded and carried to approve the recommendation to lower the maximum accrual to 320 hours.

(c) Annual Leave Suspense Account (ALSA) Reduction Procedure

The process of transitioning from the current 640 hours to 320 hours was discussed. Staff's recommendation was to spread it out over a four-year period due to cash flow issues effective on 6/30/11. There will be an 80 hour reduction in the maximum annual accrual. Mr. Raggio said for example on 6/30/11, the maximum accrual will be 560 hours and subsequent in four years will be down to 320 hours.

There was a lengthy discussion held regarding if new employees should be locked into a 320 maximum accrual. There were questions with regards to whether we had the computer system capabilities and staff associated with monitoring this process.

After a lengthy discussion, a motion was made, seconded and carried to approve the staff's recommendation on the transition from 640 hours down to 320 hours.

10. Directors' Forum

- a. Mr. Signorelli said he received a compliment from someone regarding the new beds at the CCC that they were very comfortable and were very surprised to learn they had bed alarms. They did indicate that the television had only very few channels.
- b. Dr. McAninch made a request to consider having the Board meetings start earlier, anywhere from 4:00 pm to 5:00 pm rather than at 5:30 pm. After a brief discussion, there was a general agreement to start the regular monthly Board of Directors meeting at an earlier time (possibly 4:30 pm). Mr. Raggio will query the Board.
- c. Director McConnell commented that he has a friend who had to wait three hours for an ambulance and wondered if we had adequate ambulance coverage for the community. Mr. Raggio indicated that American Medical Response (AMR) is under contract with the

County to respond within a certain amount of time. If they exceed those limits they are in violation of their contract. Although, a single incident like a three hour wait could be possible when the multiple calls are being responded to within a short amount of time. One outlier may not result in the response time being significantly increased above contract rates. The incident Mr. McConnell spoke about could be a rare occurrence. Mr. Raggio will look into and report back to the Board.

11. District Foundation

Director Kelly informed the Board that the District Foundation Executive Committee is working on a five and ten year strategic plan for when Alice Milligan retires as the head of the Foundation.

12. Legal Counsel

Mr. Les Johnson reported that he met with President Signorelli with regards to escrow and also spoke to the escrow officer regarding the acquisition of the property. Mr. Johnson also had a conference call with Ms. Pereyra regarding tonight's agenda and also spent some time tracking the 450 form that the County appeared to have lost.

13. Closed Session

None.

14. Open Session

None.

15. Adjournment

There being no further business to report, the meeting adjourned at 7:35 p.m.

Respectfully submitted,



Frank Signorelli, President



Roger McConnell, Secretary

Minutes Recorded Jim Raggio, CEO

Transcribed by Delfina Pereyra, Administrative/Medical Staff Assistant