



# Monterey County

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## Board Report

Legistar File Number: 17-1243

December 12, 2017

**Introduced:** 12/5/2017

**Current Status:** Draft

**Version:** 1

**Matter Type:** General Agenda Item

- a. Authorize the Auditor-Controller to transfer appropriations from Natividad Medical Center's Enterprise Fund NMC001-451-9600-8142 to the Strategic Capital Fund NMC002-404-9600-8142 in the amount of \$59,896,475 for major capital projects and expenditures.
- b. Authorize the Auditor-Controller to transfer funds from Natividad Medical Center Fund 404, Appropriation Unit, NMC002 (Capital Fund) to Natividad Medical Center Fund 451, Appropriation Unit, NMC001 (Enterprise Fund) for reimbursement of on-going capital expenditures paid on a monthly basis as requested by NMC, retroactive to April, 2017.
- c. Authorize the Auditor-Controller to transfer appropriations from NMC's Enterprise Fund NMC001-451-9600-8142 to the County General Fund, Committed Fund Balance, NMC Strategic Reserve Fund 3111, in the amount of \$7,200,000, to increase funds available for NMC's annual operating expenses by approximately 10%.

### **RECOMMENDATION:**

It is recommended that the Board of Supervisors:

- a. Authorize the Auditor-Controller to transfer appropriations from Natividad Medical Center's Enterprise Fund NMC001-451-9600-8142 to the Strategic Capital Fund NMC002-404-9600-8142 in the amount of \$59,896,475 for major capital projects and expenditures.
- b. Authorize the Auditor-Controller to transfer funds from Natividad Medical Center Fund 404, Appropriation Unit, NMC002 (Capital Fund) to Natividad Medical Center Fund 451, Appropriation Unit, NMC001 (Enterprise Fund) for reimbursement of on-going capital expenditures paid on a monthly basis as requested by NMC, retroactive to April, 2017.
- c. Authorize the Auditor-Controller to transfer appropriations from NMC's Enterprise Fund NMC001-451-9600-8142 to the County General Fund, Committed Fund Balance, NMC Strategic Reserve Fund 3111, in the amount of \$7,200,000, to increase funds available for NMC's annual operating expenses by approximately 10%.

### **SUMMARY/DISCUSSION:**

Natividad Medical Center's Appropriation Unit NMC002, Fund 404, was created for the funding support of NMC's major capital projects and expenditures. NMC requests authorization for the transfer of funds for the following capital projects:

1. Carry forward balance for approved capital projects in FY 2016 in progress: \$1,277,822
2. Building 400 Mechanical Upgrade project approved by BOS, November, 2016: \$44,381
3. Floor One of Medical Office Buildout project approved by BOS, November, 2016: \$1,059,716
4. FY18 approved capital projects: \$7,514,556
5. Preliminary Estimate to NMC's main system (Meditech) upgrade from 5.67 to 6.17: \$50,000,000

Total transferred amount: \$59,896,475

Payments to vendors for capital expenditures are taken from NMC's Fund 451, while appropriations have been reserved in Capital Reserve Fund 404. NMC is asking for authority to transfer funds from its Capital Reserve Fund 404 to its Enterprise Fund 451 on a monthly basis as invoices are paid to vendors. Transfers are subject to the approved invoices for payment by the County's Accounts Payable Department and transfers are scheduled on a monthly basis retroactive to April, 2017.

Natividad Medical Center's Strategic Reserve currently has a balance of \$17.8M which is approximately 30 days of working capital. To continue with a strong financial discipline, it is recommended to increase the reserve to 10% of its annual operating expenses. The balance required is \$25M. Therefore, NMC requests a transfer of \$7.2M to its Strategic Reserve to bring the balance to \$25M.

**FINANCING:**

This request is for the transfer of funds between appropriation units only. There is no negative impact to the General Fund.

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

This request ensures appropriation units are funded at the levels necessary for efficiency and effectiveness.

- Economic Development
- Administration
- Health and Human Services
- Infrastructure
- Public Safety

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Attachments: None