

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

February 11, 2020

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Memorandum of Understanding with the Arrowhead Regional Medical Center Foundation

RECOMMENDATION(S)

Approve a Memorandum of Understanding (**County Contract No. 20-69**) with Arrowhead Regional Medical Center Foundation (Foundation) to support Foundation operations to continue to expand its philanthropic impact on Arrowhead Regional Medical Center (ARMC) in an amount not to exceed \$975,000, plus travel expenses of the Foundation Executive Director as approved by ARMC Administration, for the three-year period of February 14, 2020, through February 13, 2023.

(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this Memorandum of Understanding (MOU) will not result in the use of Discretionary General Funding (Net County Cost) as costs for support of the Foundation operations are funded by departmental revenue. ARMC will provide the Foundation with an amount not to exceed \$325,000 per fiscal year for a total amount not to exceed \$975,000, plus approved travel expenses. Sufficient appropriation and revenue are included in the ARMC 2019-20 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The recommended MOU will allow ARMC to provide \$325,000 each fiscal year for three years to support the operations of the Foundation to continue its philanthropic activities, expand ARMC's community engagement efforts, strengthen ARMC's legislative affairs, and sustain ARMC's marketing and volunteer efforts. The MOU also allows for payment of travel expenses of the Foundation Executive Director that are approved by ARMC Administration, in addition to the total \$975,000 requested to support the Foundation. The Foundation's intent is to continue to fund development activities to support ARMC's capital equipment needs, clinical programs, community wellness programs and graduate medical education programs by cultivating and soliciting philanthropic support from individuals, corporations, and foundations. Furthermore, the Foundation will plan and implement ARMC's community engagement activities in support of ARMC's goals to promote key service lines of importance to the community, provide wellness education, and promote careers in healthcare, in support of the Countywide Vision.

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The Foundation was established in 1977 with the sole purpose of supporting the mission of ARMC. The Foundation is a non-profit, public-benefit corporation formed pursuant to the applicable provisions of the Internal Revenue Code. Philanthropic donations and grants obtained through the Foundation are largely earmarked to support capital equipment, clinical programs, community wellness programs, and graduate medical education programs for the medical center. As such, not all funds are available to support operational expenses for the Foundation. This requires ARMC to subsidize the operations, with a target return on investment of 200% of the philanthropic subsidy portion. The recommended MOU with the ARMC Foundation provides for the safety, health and social services needs of county residents by ensuring continued support of ARMC by the ARMC Foundation.

A volunteer Board of Directors comprised of physicians and citizens govern the Foundation. The current ARMC Director and ARMC Medical Director are members of the Foundation Board of Directors with full voting privileges. Outside fiscal and legal experts are contracted to provide professional services on an as needed basis to assist the Foundation Board of Directors and management.

Per the provisions of the Foundation's Articles of Incorporation, funds raised by the Foundation may only be used to support the operation of ARMC, including scientific medical research; continuing education of physicians, resident physicians, nurses, interns and other ARMC personnel; and education of patients and the general public in health-related matters. The assistance from the Foundation helps ARMC operate in fiscally-responsible and business-like manner by providing support and equipment to ARMC.

The Foundation is guided by organizational bylaws, as well as policies and procedures. A professional audit is conducted annually, suitable organizational insurance has been obtained and appropriate donor software is used to keep track of Foundation donors. The Foundation Board meets regularly on a quarterly basis to review organizational progress and financial reports.

Additionally, the Foundation has supported ARMC's efforts to engage the community in a meaningful way, assisted with the engagement of ARMC employees in support of Hospital Week activities, as well as supporting our physician's during National Doctor's Day celebrations, and facilitated visits with elected officials and their staff.

Over the past three years, Foundation funds raised for the medical center have been dispersed or are being held in trust pending Board approval for the following ARMC departments:

Donation Item	Value Amount	Board Approval Date	Board Item Number
Cardiac Ultrasound machine and support of cardiac clinic	\$195,000	January 10, 2017	11
Support of ARMC's cancer treatment program	\$220,000	Still in progress	N/A
Department of Surgery (Vascular Services	\$190,000	Still in progress	N/A

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2017 - Cardiac Care: Cardiac ultrasound machine and support of Cardiac Clinic

2018 - Cancer Care Program: Comfort care packages for patients receiving infusion; monies for build out of ARMC's Infusion/Oncology Center

2019 - Department of Surgery (Vascular Services) - Vascular surgery and intervention is a new service at ARMC. Newly purchased vascular diagnostic medical and surgical equipment, systems and software are required at ARMC for the vascular surgeons to diagnose and treat severe and life-threatening vascular conditions.

The Foundation will be accountable to ARMC to justify expenditures, validate that such expenditures are made for their intended use, and demonstrate that the expenditures and related activities have resulted in positive outcomes. The total amount provided by ARMC will be dependent on the justification and demonstrated results.

The recommended MOU may be terminated by either party upon 30 days prior written notice to the other party.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Michael Markel, Principal Assistant County Counsel, 387-5455) on January 21, 2020; Finance (Amanda Trussell, Principal Administrative Analyst, 387-4773) on January 24, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on January 27, 2020.

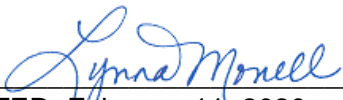
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Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Josie Gonzales
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: February 11, 2020



cc: ARMC- Gilbert w/agree
Contractor- C/O ARMC w/agree
File- w/agree
la 02/14/2020